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No. 93-1504

Supreme Court, U.S.

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In The
Supreme Court of the United States
October Term, 1993

THE CELOTEX CORPORATION,

Petitioner,

v.

BENNIE EDWARDS and JOANN EDWARDS,

Respondents.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Fifth Circuit

REPLY BRIEF FOR PETITIONER

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RULE 29.1 STATEMENT

Celotex's statement for purposes of this Court's Rule 29.1, which appears at Brief for Petitioner at ii, remains accurate.

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The Edwardses concede that the judgment of the Fifth Circuit must be reversed if the Florida bankruptcy court had subject matter jurisdiction to issue its stay of execution upon Celotex's supersedeas bonds. *See* Brief for Respondents at 16, 19-48.

Indeed, it is undisputed that Federal Rule of Civil Procedure 65.1 does not permit enforcement of a bond, where a court in another circuit has issued an order pursuant to 11 U.S.C. §105(a) staying enforcement, *unless that stay is subject to collateral attack*. *See* Brief for Respondents at 16, 19-48. In this case, the only ground advanced in support of the Edwardses' admitted collateral attack is that the Florida bankruptcy court lacked subject matter jurisdiction to issue its stay. *See id.* at 16, 19, 21-48.

The Edwardses' argument that the bankruptcy court lacked subject matter jurisdiction is without merit. The

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF FLORIDA —
TAMPA DIVISION

In the Matter of:

Chapter 11

THE CELOTEX CORPORATION, Consolidated Case Nos.
et al. 90-10016-8B1
90-10017-8B1

Debtors

**OMNIBUS ORDER ON MOTION TO LIFT
STAY WITH REGARD TO CELOTEX
APPEALS AND TO RELEASE
SUPERSEDEAS BONDS THEREON**

THIS CAUSE came on for consideration upon the (1) Motion Challenging Jurisdiction of Court over Property of Non-Debtors, (2) Motion to Lift Stay with Regard to Celotex Appeals and to Release Supersedeas Bonds Thereon, and (3) related issues raised by the enormous litigation in this case. By Order entered January 10, 1991, the Court denied the Motion Challenging Jurisdiction of Court over Property of Non-Debtors and granted, in part, the Motion to Lift Stay with Regard to Celotex Appeals and to Release Supersedeas Bonds Thereon. Specifically, the Court lifted the stay to enable the pending appellate actions to proceed but did not lift the stay with respect to the supersedeas bonds which Debtor posted in order to obtain stays pending appeals of the underlying litigations. One of the remaining issues is whether the supersedeas bonds posted by Debtor are property of the bankruptcy estate subject to the automatic stay and thus not available for payment to the asbestos-related bodily injury plaintiffs should their cases ultimately be affirmed on appeal. The Court finds such a determination to be a core proceeding. 28 U.S.C. § 157(b)(2)(A), (G), (O). *See also LTV Corp. v. Aetna*

Casualty and Surety Co. (In re Chateaugay Corp.), 116 B.R. 887 (Bankr. S.D.N.Y. 1990); *Garrity v. Leffler (In re Neuman)*, 71 B.R. 567 (S.D.N.Y. 1987).

The Court, having considered the Motions, the record, and the memoranda of law submitted by the interested parties,¹ finds:

The Celotex Corporation and Carey Canada Inc. (collectively referred to as "Debtor") filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (11 U.S.C.) on October 12, 1990. At the time the petition was filed, over 141,000 asbestos-related bodily injury lawsuits were pending

¹ In the Order entered January 10, 1991, the Court directed Debtor and Movants (Asbestos Plaintiffs represented by the law firm of Wellborn, Houston, Adkinson, Mann & Sadler) to file legal memoranda addressing the issue of whether the supersedeas bonds are property of the estate. In addition, the Unsecured Trade Creditors Committee and B. Mills Latham submitted legal memoranda on the status of the supersedeas bonds. The Unsecured Trade Creditors Committee felt compelled to set forth its views on the supersedeas bond issue since resolution of that issue will have a direct and material effect upon all creditors of the estate. Latham, on November 28, 1990, was ordered to show cause why he should not be held in contempt for seeking release of a supersedeas bond posted by Debtor to obtain a stay pending appeal in *Celotex Corp. v. Tate*, Court of Appeals of Texas, Thirteenth Judicial District, Corpus Christi, No. 13-89-444-CV, contrary to this Court's Order of October 17, 1990. At the hearing held December 11, 1990, on the order to show cause, the Court directed Latham to file a memorandum on the supersedeas bond issue.

In addition to the memoranda filed by Movants, Debtor, the Unsecured Trade Creditors Committee, and Latham, memoranda on the supersedeas bond issue were filed by Marion George, the Asbestos-Related Personal Injury Creditors, hospital members of the American Hospital Association, the Unofficial Asbestos Health Claim Co-Defendants Committee, the Asbestos Property Damage Claimants, Greitzer and Locks, and Danny W. Berlin.

against Debtor.² On that date over 100 appeals were pending in asbestos-related bodily injury cases in which Debtor and others were appealing adverse judgments. Three of those pending appeals are of particular interest to this case.

On April 3, 1989, the United States District Court for the Eastern District of Texas entered a judgment against Debtor in the total amount of \$2,593,625. *King v. Armstrong World Indus.*, No. M-85-44-CA. Debtor appealed this adverse judgment to the United States Court of Appeals for the Fifth Circuit.³ In order to stay execution of the judgment pending appeal, Debtor posted a supersedeas bond issued by Northbrook Property and Casualty Insurance Company. The bond was executed on May 17, 1989, and approved by the District Court on May 26, 1989. Insurance proceeds were used as collateral to secure the bond issued by Northbrook.

On November 1, 1989, the District Court for the Fourth Judicial District, Rusk County, Texas, entered a judgment against Debtor in the total amount of \$5,379,299.50. *Pool v. Fibreboard Corp.*, No. 86-363, and *Williams v. Fibreboard Corp.*, No. 88-08-293. The damage award was comprised of \$4,179,299.50 in compensatory damages⁴ and \$1,200,000 in

² The Celotex Corporation is a major manufacturer of building and roofing products for residential and commercial use. Carey Canada Inc. had been a miner of raw chrysotile asbestos fibers. In addition to the pending asbestos-related bodily injury lawsuits, Debtor also has been a defendant in 310 asbestos-related property damage lawsuits.

³ The Court of Appeals has affirmed the judgment of the District Court. *King v. Armstrong World Indus.*, 906 F.2d 1022, *reh'g denied*, 914 F.2d 251 (5th Cir. 1990), *cert. denied*, 59 U.S.L.W. 3793 (1991).

⁴ Debtor's liability for compensatory damages was joint and several with four or five co-defendants. The jury determined Debtor's portion of the liability was either 15% or 25% depending upon the particular asbestos plaintiff. The trial court determined that each defendant have contribution and indemnity against each other defendant in accordance with the percentage findings of the jury.

punitive damages. Debtor appealed this adverse judgment to the Court of Appeals of Texas, Sixth Judicial District, Texarkana. In order to stay execution of the judgment pending appeal, Debtor posted two supersedeas bonds issued by National Union Fire Insurance Company of Pittsburgh, Pa. Each bond was executed on February 1, 1990. A combination of cash and insurance was used as collateral to secure each bond issued by National Union.

On January 22, 1990, the United States District Court for the Eastern District of Texas entered a judgment against Debtor in the total amount of \$6,417,625. *Glasscook v. Armstrong Cork Co.*, No. M-85-158-CA. Debtor appealed this adverse judgment to the United States Court of Appeals for the Fifth Circuit. In order to stay execution of the judgment pending appeal, Debtor posted a supersedeas bond issued by National Union Fire Insurance Company of Pittsburgh, Pa. The bond was executed on February 5, 1990, and approved by the District Court on February 7, 1990. A combination of cash and insurance was used as collateral to secure the bond issued by National Union.

I.

The genesis of any review of whether a supersedeas bond is property of the estate is the pre-code decision of the Court of Appeals for the Third Circuit in *Mid-Jersey National Bank v. Fidelity-Mortgage Investors*, 518 F.2d 640 (3d Cir. 1975). From that opinion black letter law has been ascribed by some: a supersedeas bond is not property of the estate, thus the automatic stay pursuant to Section 362 of the Bankruptcy Code does not preclude the judgment creditor from going against the surety bond. See *W.W. Gay Mechanical Contractor v. Wharftside Two*, 545 So.2d 1348 (Fla. 1989); *J.M. Beeson Co. v. Sartori*, 553 So.2d 180 (Fla. 4th DCA 1989).

From *Mid-Jersey* we learn a deposit of funds by the Debtor with the Clerk of the Court in lieu of a supersedeas bond is *in custodia legis*. The Third Circuit in *Mid-Jersey* determined the

debtor had a "contingent reversionary interest as a potential beneficiary of the trust" in that supersedeas bond. See also *Vescovo v. First State Bank (In re Vescovo)*, 125 B.R. 468, 471 (Bankr. W.D. Tex. 1990). Such a characterization has interesting connotations as well as incongruities. First, basic property law would suggest a reversionary interest is never contingent but is vested subject to divestment. Second, since the debtor, as applicant, may be successful on appeal, the debtor must be deemed under the *Mid-Jersey* theorem to be a potential beneficiary under the trust.⁵ In such light, an argument can be made that the debtor has a property interest in a supersedeas bond. Section 541(a)(1) of the Bankruptcy Code states "all legal or equitable interests of the debtor in property as of the commencement of the case" is property of the estate "wherever located and by whom-ever held." Third, if the debtor holds a future interest or an equitable interest as a beneficiary of a trust under *Mid-Jersey*, that interest must be property of the estate even if that interest is subject to divestment.⁶

Parenthetically, one must remember the dichotomy between the supersedeas bond and the surety agreement and collateral securing the bond when making this analysis. The latter two are property of the estate. Whether a debtor can reject or assume the surety agreement or avoid it and thus seek return of

⁵ Such a deposit is likened to a trust where the court is the trustee with the duty to determine the beneficiaries at the end of the appellate process. See *Gnidovec v. Alwan (In re Alwan Bros.)*, 105 B.R. 886 (Bankr. C.D. Ill. 1989).

⁶ If some trust theory is to be used, this Court would suggest utilizing a resulting trust theory rather than making the debtor a beneficiary of some hypothetical trust.

the collateral may be an issue solely between the debtor and its surety.⁷ The status of the supersedeas bond is a distinct, but interconnected, issue.

This Court has reviewed *Mid-Jersey* and its progeny. The *Mid-Jersey* court, considering pre-Code law, did not have before it the expansive views established by Congress in Section 541 and Section 362 of the Bankruptcy Code. The other courts which have reviewed the issue of supersedeas bonds as property of the estate appear to have adopted the *Mid-Jersey* rubric without an analysis of the appellate process vis-a-vis the Bankruptcy Code. *Moran v. Johns-Manville Sales Corp.*, 28 B.R. 376, 377, 378 (N.D. Ohio 1983); *Johns-Manville Corp. v. Asbestos Litigation Group (In re Johns-Manville Corp.)*, 26 B.R. 420, 433 (Bankr. S.D.N.Y. 1983); *W.W. Gay Mechanical Contractor*, 545 So.2d at 1350; *J.M. Beeson Co.*, 553 So.2d at 181.

⁷ While these matters may not add any greater status to the bond as property of the estate, they have been of concern to the reorganizational process. See *Kellogg v. Blue Quail Energy Inc. (In re Compton Corp.)*, 831 F.2d 586 (5th Cir. 1987); *In re Chateaugay Corp.*, 116 B.R. at 896-899.

Any inquiry into the status of the surety bond and any collateralization by the debtor may include:

1. The contract establishing the bond.
2. The characterization of the contract under bankruptcy or non-bankruptcy law.
3. The distribution of any collateral held as security for the bond.
4. The status of any security in the bankruptcy proceeding.

For the most part, these issues arise between the debtor and its surety when the bond is not court-affiliated such as a deposit with the clerk. It is this Court's opinion that whether the underlying bond is property of the estate is not predicated upon a determination that a judgment is a fraudulent transfer or the surety contract is executory.

II.

As to federal litigation, Rule 62(d) of the Federal Rules of Civil Procedure permits an appellant to stay execution of the judgment by posting a bond.⁸ Thus, the judgment creditor is protected by the supersedeas bond during the pendency of the appeal. See *Prudential Ins. Co. v. Boyd*, 781 F.2d 1494, 1498, *reh'g denied*, 788 F.2d 1570 (11th Cir. 1986); see also *Avirgan v. Hull*, 125 F.R.D. 185 (S.D. Fla. 1989). Only when the appellate process is concluded is the judgment creditor able to take action against the bond and the surety.

The act of filing a petition in bankruptcy during the pendency of an appellate case does not alter the operation of Rule 62 of the Federal Rules of Civil Procedure nor allow the judgment creditor or its agents to proceed upon some perfervid, yet fallacious, belief that it is now open season on the supersedeas bond.⁹ By the filing of the petition, the automatic stay is activated and all proceedings against a debtor, including appellate proceedings, are stayed. 11 U.S.C. § 362(a)(1). See *O'Neill v. Continental Airlines (In re Continental Airlines)*, 928 F.2d 127 (5th Cir. 1991); *Balaber-Strauss v. Reichard (In re Tampa Chain Co.)*, 835 F.2d 54 (2d Cir. 1987); *Cathey v. Johns-Manville Sales Corp.*, 711 F.2d 60 (6th Cir. 1983); *cert. denied*, 478 U.S. 1021 (1986). Moreover, any act to obtain possession

⁸ Most states provide similar protection to a judgment creditor. See e.g. Fla. R. App. P. 9.310. See also Fed. R. Civ. P. 65.1; Bankruptcy Rule 9025.

⁹ Generally, it is in the best interest of the estate to lift the automatic stay to allow the appellate process to be completed. Once the decision of the appellate court is final, the status of the supersedeas bond as property of the estate can be ascertained. See *Atlantic Richfield Co. v. Good Hope Refineries*, 604 F.2d 865 (5th Cir. 1979). This Court has consistently granted relief from the stay to allow any pending asbestos-related bodily injury appeal to be concluded.

of, or exercise control over, any property of the estate is stayed. 11 U.S.C. § 362(a)(3).

If at the time of filing the petition the appellate process has not been concluded, the debtor still has an interest in the supersedeas bond cognizable under Section 541 of the Bankruptcy Code subject to the interest being divested if the debtor is unsuccessful once the appellate process is completed. Fed. R. App. P. 41(a). See *Saper v. West*, 263 F.2d 422 (2d Cir.), cert. denied, 360 U.S. 916 (1959). This approach is correct, for otherwise all supersedeas bonds in place at the time of the filing of the petition in bankruptcy, notwithstanding the status of any appellate process, would be subject to attack by the judgment creditor as not being property of the estate. Continuing protection of the bond during the appeal is consistent with *Mid-Jersey*, 518 F.2d at 644. See also *Grubb v. Federal Deposit Ins. Corp.*, 833 F.2d 222 (10th Cir. 1987).

If such were not the case, the debtor, after a successful appeal, would have some new cognizable rights or property coming back from the release of the supersedeas bond now magically becoming property of the estate. If a reorganization plan had been confirmed by the time the appellate process was concluded, a debtor could claim these returning bond funds are not available to creditors. 11 U.S.C. § 1141(b). The Court of Appeals for the Seventh Circuit in *Sheldon v. Munford, Inc.*, 902 F.2d 7 (7th Cir. 1990), clearly saw all these contingencies and their attendant results when it denied a judgment creditor's attack on the debtor's supersedeas bond during the appellate process.

III.

Where a debtor, upon the filing of the bankruptcy petition, is an unsuccessful appellant in the total appellate process, or during the bankruptcy case is unsuccessful in its appeal, its property interest in the bond can be divested and any efforts by

the debtor to prevent the judgment creditor from proceeding against the supersedeas bond must be sought under Section 105 of the Bankruptcy Code.

Upon Debtor's filing its bankruptcy petition, this Court entered an order pursuant to Section 105 which sought to augment the stay protection afforded by Section 362(a). Such order was upon Debtor's motion and was for the purpose of precluding, among other things, judgment creditors from proceeding in various state and federal courts against supersedeas bonds without first coming before this Court.¹⁰

The implementation of the Section 105 stay was required because of the complexity of Debtor's case. There are over 41,000 asbestos-related bodily injury cases pending against Debtor in almost every state and federal jurisdiction. There are over 100 asbestos-related bodily injury cases on appeal. Judgments totaling nearly 70 million dollars are being stayed by the supersedeas bonds posted by Debtor while the appellate processes proceed. All supersedeas bonds are secured by property of Debtor's estate.

¹⁰ While a few judgment creditors have proceeded against the supersedeas bonds without first coming before this Court, so far few have claimed this Court lacks authority to issue a Section 105 stay without Debtor's filing an adversary proceeding. While Bankruptcy Rule 7001 requires an adversary proceeding if a party is seeking an injunction, this Court believes the plain language of Section 105 allows this Court *sua sponte*, to enter a stay order against any and all parties for specific or general purposes in order to ensure the integrity of the bankruptcy system and to protect the debtor in the initial stages of a reorganization proceeding. See *LTV Steel Co. v. Board of Educ. of the Cleveland City School Dist. (In re Chateaugay Corp.)*, 93 B.R. 26, 29 (S.D.N.Y. 1988); *Findley v. Blinken (In re Joint E. and S. Dists. Asbestos Litig.)*, 120 B.R. 648, 658 (E. & S.D.N.Y. 1990); *In re Lamar Estates, Inc.*, 5 B.R. 328 (Bankr. E.D.N.Y. 1980). See also *In re Roberts*, 68 B.R. 1004 (Bankr. E.D. Mich. 1987).

Further, many of the pending asbestos-related bodily injury cases involve a number of co-defendants which are now in bankruptcy. Because of the automatic stay with respect to Debtor's and co-defendants' cases, various asbestos-related litigation throughout the United States has come to a halt. Similarly, the use of multi-district litigation procedures is not available. *See* Judicial Conference of the United States, Report of the Ad Hoc Committee on Asbestos Litigation (March 1991). In light of the fact 28 U.S.C. § 157 precludes this Court from liquidating the asbestos-related bodily injury cases, other than estimating claims for voting purposes, there is a potential this Court will be faced with thousands, perhaps tens of thousands, of motions to lift the stay to proceed in the various trial courts notwithstanding the fact 28 U.S.C. § 157(b)(5) does not provide an expeditious method of dealing with these asbestos-related bodily injury cases.¹¹ If there is potential peripheral personal injury litigation which will circumvent the review process of either the bankruptcy court or the district court and distort the reorganization process, then Section 105 must be used. *See MacArthur Co. v. Johns-Manville Corp.*, 837 F.2d 89, 93 (2d Cir.), *cert. denied*, 488 U.S. 868 (1988).

At the time of filing its petition, Debtor had been engaged in continuous litigation relating to insurance coverage on asbestos-related injury claims. Debtor, asbestos litigation co-defendants and various insurance companies struck a pre-petition agreement which created a dispute resolution mechanism to facilitate claims

¹¹ The nexus between Section 362(a) and 28 U.S.C. § 157 is perfectly illustrated in debtor's case. Section 362 stays all judicial action against Debtor. If litigants/creditors wish to proceed, they must seek relief from the stay in bankruptcy court. The bankruptcy court, pursuant to 28 U.S.C. § 157(b)(2)(B), cannot deal with personal injury claims and can only provide relief by allowing the litigants to proceed to district court where it, as gatekeeper over such claims, determines where they will be liquidated. 28 U.S.C. § 157(b)(5).

settlements. The internal inability of this alternative dispute resolution system to proceed, coupled with other litigation over insurance coverage, has frustrated the tort litigation peripheral to this bankruptcy case. These factors complicate any procedures to deal with known asbestos claimants as well as those whose claims arose prior to the filing of the bankruptcy, but whose injuries have not yet manifested themselves. In light of the inability of the *Johns-Manville* trust to handle such potential claims, this Court finds it abundantly necessary to stay any and all parties from proceeding against Debtor in any forum until a determination can be made of the efficacy of any remedy, claim, or assertion of jurisdiction. Failure to bring such stability to Debtor's case in its initial stages would place this bankruptcy case on the dangerous edge of things. *Erti v. Paine Webber Jackson and Curtis, Inc. (In re Baldwin-United Corp. Litig.)*, 765 F.2d 343, 349 (2d Cir. 1985).

The federal courts of appeals, upon viewing injunctions granted during pandemic tort-bankruptcy cases such as this have consistently understood these circumstances and have endorsed the jurisdiction and utilization of a stay as a case management control mechanism. The Court of Appeals for the Second Circuit in the *Johns-Manville* bankruptcy acknowledged Section 105 as an authorized instrumentality to preclude actions which may "impede the reorganization process." *MacArthur Co. v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 837 F.2d 89, 93 (2d Cir.), *cert. denied*, 488 U.S. 868 (1988). The Court of Appeals for the Fourth Circuit in *A.H. Robins* twice upheld the stay mechanism to thwart actions "which will have an adverse impact on the Debtor's ability to formulate a Chapter 11 plan." *A.H. Robins Co. v. Piccinin (In re A.H. Robins Co.)*, 788 F.2d 994 (4th Cir.), *cert. denied*, 479 U.S. 876 (1986); *Oberg v. Aetna Casualty and Surety Co. (In re A.H. Robins)*, 828 F.2d 1023 (4th Cir. 1987), *cert. denied*, 485 U.S. 969 (1988). In the latter decision, the Fourth Circuit clearly took the position that the bankruptcy court could stay litigation which would create a "substantial burden on ... [the debtor], detract[ing] from the

reorganization process." *In re A.H. Robins*, 828 F.2d at 1026. In another asbestos case, the Court of Appeals for the Fifth Circuit affirmed the bankruptcy court's jurisdiction to use Section 105 to stay personal injury suits filed by asbestos workers against debtors, insurers, and executives. *In re Davis*, 730 F.2d 176 (5th Cir. 1984).

These decisions reinforce fundamental bankruptcy policy to stop ongoing litigation and to prevent peripheral court decisions from dealing with issues, properties, or entities involved in a debtor's reorganization process without first allowing the bankruptcy court to have an opportunity to review the potential effect on the debtor. Where bankruptcy courts in "mega" cases such as this case are required to deal with complex litigation involving numerous parties, joint and several liability, and multi-million dollars in claims and assets, not to mention potential conflicts with other judicial determinations, the powers of the bankruptcy court under Section 105 must in the initial stage be absolute, unless limited by the Bankruptcy Code or other federal laws. Clearly, the role of Section 105 in this type of case is first to protect the reorganization process.

IV.

As to the utilization of Section 105 vis-a-vis the supersedeas bonds, once the judgment creditor has been successful throughout the appellate process, the judgment creditor is not able to proceed against the supersedeas bond without seeking to vacate the Section 105 stay should continue. The Court's inquiry will include Debtor's ability to avoid any final judgment under the Bankruptcy Code and the necessity to protect its sureties or disenfranchise them if such surety agreements can be considered executory contracts or avoided under the avoiding powers in the Bankruptcy Code. (11 U.S.C. §§ 365, 547, and 548.) Additionally, consideration will be given to Debtor's ability to deal with the targeted litigation within the reorganization plan and the

effect on that process if the Section 105 is extinguished. The analysis may also include the treatment of those judgments which include punitive damages¹² or joint and several liability or contribution with other asbestos co-defendants. This Court does not seek to establish an exhaustive list of inquiry, as each specter of the Section 105 stay may relate differently to an aspect of Debtor's reorganization process which seeks to be protected. At this juncture the Section 105 stay is more analogous to the protection of third parties as provided for in *A.H. Robins and Johns-Manville* than it is to some aberration as some would postulate.

Accordingly, it is

ORDERED, ADJUDGED AND DECREED that:

1. The supersedeas bond is property of the estate as long as the appellate process upon which it is based is proceeding, and the automatic stay of Section 362 applies to any action to enforce a judgment against the supersedeas bond.
2. Where this Court has granted relief from the stay to complete the appellate proceedings involving Debtor and the appellate process has concluded in favor of the judgment creditor, that judgment creditor is precluded from proceeding against

¹² Section 726(a)(4) of the Bankruptcy Code provides that punitive damages are fourth in line for distribution in a Chapter 7 liquidation. Although Section 726(a)(4) is inapplicable to Chapter 11 reorganizations (*In re A.H. Robins Co.*, 89 B.R. 555, 560 (E.D. Va. 1988); *In re Alwan Bros.*, 115 B.R. 148, 151 (Bankr. C.D. Ill. 1990)), it is well-established that bankruptcy courts have inherent equitable power to disallow, limit, or subordinate claims for punitive damages in Chapter 11 reorganizations. *In re A.H. Robins Co.*, 89 B.R. at 562; *In re Apex Oil Co.*, 118 B.R. 683, 699 (Bankr. E.D. Mo. 1990); *In re Johns-Manville Corp.*, 68 B.R. 618, 627 (Bankr. S.D.N.Y. 1986), *aff'd*, 78 B.R. 407 (S.D.N.Y. 1987).

any supersedeas bond without first seeking to vacate the Section 105 stay in this Court.

3. Where at the time of filing the petition, the appellate process between Debtor and the judgment creditor had been concluded, the judgment creditor is precluded from proceeding against any supersedeas bond posted by Debtor without first seeking to vacate the Section 105 stay entered by this Court. It is further

ORDERED, ADJUDGED AND DECREED except as to this Court's orders granting relief from the automatic stay to complete the appellate process, Movants' Motion to Lift Stay with Regard to Celotex Appeals and to Release Supersedeas Bonds Thereon is denied. It is further

ORDERED, ADJUDGED AND DECREED the Section 105 stay entered by this Court on October 17, 1990, continued in effect.

DONE AND ORDERED at Tampa, Florida on June 13, 1991.

THOMAS E. BAYNES, JR.
U.S. Bankruptcy Judge

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United States Trustee

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Attorney for Appellees

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

IN RE: Chapter 11

THE CELOTEX
CORPORATION and
CAREY CANADA INC., Consolidated Case Nos.:
90-10016-8B1 and
90-10017-8B1

Debtors.

THE CELOTEX CORPORATION and
CAREY CANADA INC.,

Plaintiffs,

Adversary No.: 92-584

v.

ALLSTATE INSURANCE
COMPANY and each
of the Defendants identified on
Schedule A,

Defendants.
_____ /

**SECOND AMENDED COMPLAINT TO AVOID AND
RECOVER PREFERENTIAL AND
CONSTRUCTIVELY FRAUDULENT TRANSFERS
MADE FOR THE BENEFIT OF BONDED
CLAIMANTS, TO DISALLOW,
OR IN THE ALTERNATIVE, SUBORDINATE
PUNITIVE DAMAGE AWARDS, TO DISALLOW
POST-PETITION INTEREST AND UNMATURED
INTEREST, TO DISALLOW POST-PETITION BOND
PREMIUMS AND TO ENJOIN CERTAIN ACTIONS
AGAINST SURETIES**

The Celotex Corporation ("Celotex") and Carey Canada Inc., ("Carey Canada") debtors and debtors-in-possession, collectively (the "Debtors"), in the above-captioned administratively consolidated Chapter 11 case, bring this action pursuant to Bankruptcy Rules 6010 and 7001 and §§105, 502, 503, 510, 544, 547, 548, and 550 of the Bankruptcy Code (the "Code") seeking entry of a judgment: a) declaring that certain transfers of interests in property of the Debtors (the "Transfers") for the benefit of the bonded judgment creditors (the "Bonded Claimants") are avoidable as preferential and constructively fraudulent; b) providing for recovery of those preferential and constructively fraudulent transfers of the Debtors' property; c) subordinating the claims of the Bonded Claimants to share equally with the other asbestos bodily injury claimants (the "Bodily Injury Claimants"); d) declaring that all punitive damage awards in favor of Bonded Claimants are disallowed; or alternatively, e) subordinating all punitive damage awards in favor of Bonded Claimants to the claims of the unsecured creditors of the Debtors; f) disallowing all post-petition interest and any unmatured interest; g) disallowing post-petition bond premiums; and h) enjoining certain actions against surety companies by channeling the claims of the Bonded Claimants from the sureties to the property interests of the Debtors recovered through this action.

NATURE OF ACTION

1. The Debtors filed voluntary petitions for relief under Chapter 11 of the Code on October 12, 1990 (the "Petition Date"), in the United States Bankruptcy Court for the Middle District of Florida, Tampa Division. The Chapter 11 cases of the Debtors have been consolidated for procedural purposes only and are being jointly administered pursuant to an order of this Court.

2. The Debtors are defendants in lawsuits involving approximately 140,000 claimants in state and federal courts throughout the United States. These suits seek damages, including punitive damages, from the Debtors for alleged liabilities arising as a result of exposure to asbestos or asbestos-containing products.

3. The automatic stay pursuant to §362 of the Code and this Court's Order Granting Emergency Motion for Determination of Applicability of §362 Stay to Pending Matters or, in the Alternative, for Extension of §362 Stay to Pending Matters entered October 17, 1990 (the "§105 Stay Order") implemented a stay as to all actions involving the Debtors. Pursuant to the §105 Stay Order, all entities were stayed, restrained, or enjoined from commencing or continuing a judicial, administrative or other proceeding involving the Debtors, regardless of who initiated the proceeding, whether the matter was on appeal and a supersedeas bond had been posted by the Debtors, or, whether the appeal was by one of the Debtors.

4. Sections 544, 547 and 548 of the Code provide the authority to avoid preferential and constructively fraudulent transfers, and §550 of the Code establishes the procedure to recover preferentially and constructively fraudulently transferred property. From §502 of the Code arises the statutory authority to disallow punitive damage awards, as well as post-petition

interest and unmatured interest. Section 503 of the Code provides the authority to disallow post-petition bond premiums. Section 510 of the Code provides the authority to subordinate the claims of the Bonded Claimants, based on equitable considerations, to share equally with all other Bodily Injury Claimants. Further, this Court derives from §105 of the Code the inherent equitable authority to channel claims into the bankruptcy forum by enjoining the prosecution of claims in other forums.

5. The entry of a judgment granting the relief sought herein by the Debtors is essential, because absent such a judgment, the likelihood of implementing a successful reorganization plan and concomitant equitable distribution of the Debtors' assets will be seriously impaired. As this Court has both the unique jurisdiction and authority to grant the requested relief, it is imperative that this Court issue such a judgment.

JURISDICTION AND VENUE

6. This proceeding is initiated pursuant to Bankruptcy Rule 7001 which provides the basis for instituting this adversary proceeding.

7. This Court has jurisdiction of this action as a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A), (B), (H) and (O), as the matter: (1) involves issues central to the administration of the Debtors' estates; (2) concerns the avoidability and recovery of preferential and fraudulent conveyances; (3) concerns the allowance or disallowance of punitive damage claims against the Debtors' estates; (4) affects the adjustment of debtor/creditor relationships; and (5) raises issues central to the confirmation of any plan of reorganization. Additionally, this Court has jurisdiction of this action pursuant to 28 U.S.C. §1334(b), as a civil proceeding arising in or related to the Debtors' administratively consolidated Chapter 11 cases, and pursuant to 11 U.S.C. §1334(d), as a case involving property of the Debtors and their estates.

8. Venue is proper in this Court pursuant to 28 U.S.C. §1409(a), as a proceeding arising in or related to a case commenced in this district under Title 11 of the Code.

PARTIES

9. Plaintiff Celotex is a Delaware corporation with its principal place of business at 4010 Boy Scout Boulevard, Tampa, Florida 33607. Plaintiff Carey Canada is a corporation organized under the laws of Canada with its principal place of business in Quebec, Canada. Carey Canada is a wholly-owned subsidiary of Celotex.

10. This proceeding involves two classes of Defendants: (1) the insurance companies and their affiliated surety companies (collectively the "Sureties") that issued the supersedeas bonds (collectively the "Bonds") securing payment of the verdicts or judgments held by the Bonded Claimants; and (2) the Bonded Claimants. The Bonded Claimants hold verdicts or judgments pending appeal in various state and federal jurisdictions. The Debtors requested that the Sureties issue the Bonds to stay execution by the Bonded Claimants of compensatory and, in some instances, punitive damage awards pending final resolution of the appeals. On the Petition Date, approximately 140,000 Bodily Injury Claimants had actions pending against the Debtors.

The Sureties

11. To varying extents, each bond is secured by collateral transferred by the Debtors, either in the form of cash or cash equivalents, or in the form of pledged future insurance proceeds. Each Surety that issued Bonds to stay execution of the judgments held by the Bonded Claimants, named below in paragraphs 12 through 18, is a defendant in this proceeding.

12. Defendant Allstate Insurance Company ("Allstate") is a corporation organized under the laws of Illinois, with its

principal place of business at Allstate Plaza, Northbrook, Illinois. Northbrook Property and Casualty Insurance Company, formerly known as Northbrook Insurance Company ("Northbrook"), was an affiliate of Allstate and has recently merged into Allstate.

13. Defendant California Union Insurance Company ("California Union") is a corporation organized under the laws of California, with its principal place of business at Philadelphia, Pennsylvania.

14. Defendant Insurance Company of North America ("INA"), an affiliate of California Union, is a corporation organized under the laws of Pennsylvania, with its principal place of business at Philadelphia, Pennsylvania. California Union is a wholly owned subsidiary of Indemnity Insurance Company of North America, which in turn is a wholly owned subsidiary of INA.

15. Defendant Home Insurance Company ("Home") is a corporation organized under the laws of New Hampshire, with its principal place of business at New York, New York.

16. Defendant Home Indemnity Company ("Home Indemnity"), an affiliate of Home, is a corporation organized under the laws of New Hampshire, with its principal place of business at Manchester, New Hampshire.

17. Defendant National Union Fire Insurance Company of Pittsburgh, PA ("National Union"), is a corporation organized under the laws of Pennsylvania, with its principal place of business at New York, New York.

18. Defendant Aetna Insurance Company ("Aetna") is a corporation organized under the laws of Connecticut, with its principal place of business at Hartford, Connecticut.

19. California Union, INA, Northbrook, Allstate, Home Insurance, Home Indemnity, Aetna and National Union are sometimes collectively referred to as the "Sureties."

**Bonded Claimants Receiving Transfers
On or Within 90 Days of Petition Date**

20. The defendants named below in paragraphs 21 through 56 were the beneficiaries of transfers of the Debtors' property through issuance of Bonds on or within 90 days of the Petition Date. These defendants are sometimes collectively referred to as the "Preference Defendants."

21. Defendant Larry Baker ("Baker") was awarded a judgment (the "Baker Judgment") on August 6, 1990, in the District Court of Boulder, Colorado in the amount of \$941,773.84 (including \$28,313.84 in costs) as compensatory damages for asbestos-related injuries. Celotex appealed the Baker Judgment to the Colorado Court of Appeals. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on October 9, 1990, in the amount of \$1,460,963.73 (the "Baker Bond"). As collateral for the issuance of the Baker Bond, on October 9, 1990, the Debtors transferred to National Union, for the indirect benefit of Baker, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account specifically described in paragraph 175 herein.

On June 25, 1991, Baker filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 23, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

22. Defendant Doris Ulrich ("Ulrich"), individually and as Executrix of the Estate of Richard Ulrich, was awarded a judgment (the "Ulrich Judgment"), on July 13, 1990, in the Superior Court of New Jersey Law Division, Middlesex County, in the amount of \$146,488.10 (including a pre-judgment interest of \$19,638.10) as compensatory damages for asbestos-related injuries. Celotex appealed the Ulrich Judgment to the Superior Court of New Jersey, Appellate Division. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on October 9, 1990, in the amount of \$316,828.12 (the "Ulrich Bond"). As collateral for the issuance of the Ulrich Bond, on October 9, 1990, the Debtors transferred to National Union, for the indirect benefit of Ulrich, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

23. Defendant Harold Washington ("Washington") was awarded a judgment (the "Washington Judgment"), on August 3, 1990, in the District Court of Boulder, Colorado in the amount of \$427,417.95 (including \$6,417.95 in costs) as compensatory damages for asbestos-related injuries. Celotex appealed the Washington Judgment to the Colorado Court of Appeals. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on October 9, 1990, in the amount of \$662,014.89 (the "Washington Bond"). As collateral for the issuance of the Washington Bond, on October 9, 1990, the Debtors transferred to National Union, for the indirect benefit of Washington, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On June 25, 1991, Washington filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 23, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited

purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

24. Defendant Marlene Bowers ("Bowers") Personal Representative for Richard E. Williams, deceased, was awarded a judgment (the "Bowers Judgment"), on September 22, 1989, in the Superior Court of Washington for Kitsap County against Celotex and two other defendants in the amount of \$189,198.89 as compensatory damages for asbestos-related injuries. Celotex' share of the judgment was \$63,066.30. Celotex appealed the Bowers Judgment to the Superior Court of Appeals of the State of Washington. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on October 4, 1990, in the amount of \$258,520.18 (the "Bowers Bond"). Allstate acted as surety on Bowers Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Bowers Bond, on October 4, 1990, the Debtors transferred to Allstate, for the indirect benefit of Bowers, property of the Debtors having a value of \$258,520.18. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

25. Defendant American Marine Bank as Personal Representative for Elbert Eldredge, deceased ("Eldredge"), was awarded a judgment (the "Eldredge Judgment"), on September 22, 1989, in the Superior Court of Washington for Kitsap County against Celotex and two other defendants in the amount of \$260,311.61 as compensatory damages for asbestos-related injuries. Celotex' share of the judgment was \$86,770.54. Celotex appealed the Eldredge Judgment to the Court of Appeals of the State of Washington. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on October 4, 1990, in the amount of \$355,681.07 (the "Eldredge

Bond"). Allstate acted as surety on Eldredge Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Eldredge Bond, on October 4, 1992, the Debtors transferred to Allstate, for the indirect benefit of Eldredge, property of the Debtors having a value of \$355,681.07. The Debtors' property that was transferred was in the form of assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

26. Defendant Hilda Yvonne McElhaney ("McElhaney"), as Personal Representative of Lawrence Edward McElhaney, deceased, was awarded a judgment (the "McElhaney Judgment"), on September 6, 1990, in the Circuit Court of the Fourth Judicial Circuit, in and for Duval County, Florida in the amount of \$182,837.90 as compensatory damages for asbestos-related injuries. Celotex and Carey Canada appealed the McElhaney Judgment to the First District Court of Appeal, State of Florida. To stay execution pending appeal, Celotex and Carey Canada, as principals, and National Union, as surety, issued a bond on October 2, 1990, in the amount of \$226,719.00 (the "McElhaney Bond"). As collateral for the issuance of the McElhaney Bond, on October 2, 1990, the Debtors transferred to National Union, for the indirect benefit of McElhaney, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

27. Defendant Pearl Newland ("Newland"), as Personal Representative of James M. Newland, deceased, was awarded a judgment (the "Newland Judgment"), on September 6, 1990, in the Circuit Court, Fourth Judicial Circuit, in and for Duval County, Florida, in the amount of \$313,643.42 as compensatory damages for asbestos-related injuries. Celotex and Carey Canada appealed the Newland Judgment to the First District Court of Appeal, State of Florida. To stay execution pending appeal,

Celotex and Carey Canada, as principals, and Allstate, as surety, issued a bond on October 2, 1990, in the amount of \$388,917.74 (the "Newland Bond"). Allstate acted as surety on the Newland Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Newland Bond, on October 2, 1990, the Debtors transferred to Allstate, for the indirect benefit of Bowers, property of the Debtors having a value of \$388,917.74. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

28. Defendant Eunice L. Sego ("Sego") as Personal Representative of James A. Sego, deceased, was awarded a judgment (the "Sego Judgment"), on September 6, 1990, in the Circuit Court, Fourth Judicial Circuit, in and for Duval County, Florida in the amount of \$249,525.86 as compensatory damages for asbestos-related injuries. Celotex and Carey Canada appealed the Sego Judgment to the First District Court of Appeal, State of Florida. To stay execution pending appeal, Celotex and Carey Canada, as principals, and Allstate, as surety, issued a bond on October 2, 1990, in the amount of \$309,412.00 (the "Sego Bond"). Allstate acted as surety on the Sego Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Sego Bond, on October 2, 1990, the Debtors transferred to Allstate, for the indirect benefit of Sego, property of the Debtors having a value of \$309,412.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

[29.] Defendant Walter Stedeford ("Stedeford") as Personal Representative of Norman Hicks, deceased, was awarded

a judgment (the "Stedeford Judgment"), on September 6, 1990, in the Circuit Court, Fourth Judicial Circuit, in and for Duval County, Florida in the amount of \$261,818.94 as compensatory damages for asbestos-related injuries. Celotex and Carey Canada appealed the Stedeford Judgment to the First District Court of Appeal, State of Florida. To stay execution pending appeal, Celotex and Carey Canada, as principals, and Allstate, as surety, issued a bond on October 2, 1990, in the amount of \$162,327.00 (the "Stedeford Bond"). Allstate acted as surety on the Stedeford Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Stedeford Bond, on October 2, 1990, the Debtors transferred to Allstate, for the indirect benefit of Stedeford, property of the Debtors having a value of \$162,327.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

30. Defendant Walter Bowen ("Bowen") was awarded a judgment (the "Bowen Judgment"), on February 2, 1990, in the Circuit Court of Monongalia County, West Virginia against Celotex and one other defendant in the amount of \$91,950.00 as compensatory damages for asbestos-related injuries. Celotex' share of the judgment was \$44,625.00. Celotex petitioned to appeal the Bowen Judgment to the Supreme Court of Appeals of West Virginia. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on September 28, 1990, in the amount of \$50,475.00 (the "Bowen Bond"). INA acted as surety on the Bowen Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Bowen Bond, on September 28, 1990, the Debtors transferred to California Union, for the indirect benefit of Bowen, property of the Debtors having a value of \$50,475.00. The Debtors' property that was transferred was

in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On July 11, 1991, Bowen filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On August 14, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The Supreme Court of Appeals of West Virginia has denied Celotex' petition for appeal.

31. Defendant Robert Bowling ("Bowling") was awarded a judgment (the "Bowling Judgment"), on February 2, 1990, in the Circuit Court of Monongalia County, West Virginia against Celotex and one other defendant in the amount of \$92,500.00 as compensatory damages for asbestos-related injuries. Celotex' share of the judgment was \$44,750.00. Celotex petitioned to appeal the Bowling Judgment to the Supreme Court of Appeals of West Virginia. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a Bond on September 28, 1990 in the amount of \$50,750.00 (the "Bowling Bond"). INA acted as surety on the Bowling Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Bowling Bond, on September 28, 1990, the Debtors transferred to California Union, for the indirect benefit of Bowling, property of the Debtors having a value of \$50,750.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On July 11, 1991, Bowling filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On August 14, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The Supreme Court of Appeals of West Virginia was denied Celotex' petition for appeal.

32. Defendant Robert E. Funk ("Funk") was awarded a judgment (the "Funk Judgment"), on June 18, 1990, in the District Court of Harris County, Texas, 61st Judicial District against Celotex and one other defendant in the amount of \$60,659.39 (including pre-judgment interest of \$6,319.39) as compensatory damages for asbestos-related injuries. Celotex' share of the judgment was \$30,329.70. Celotex appealed the Funk Judgment to the Court of Appeals, 1st or 14th Judicial District of Texas, Houston. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on September 11, 1990, in the amount of \$75,061.60 (the "Funk Bond"). Allstate acted as surety on the Funk Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Funk Bond, on September 11, 1990, the Debtors transferred to Funk, for the indirect benefit of Bowers, property of the Debtors having a value of \$75,061.60. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

33. Defendant Dan M. Thompson ("Thompson") was awarded a judgment (the "Thompson Judgment"), on June 18, 1990, in the District Court of Harris County, Texas 61st Judicial District against Celotex and one other defendant in the amount of \$238,578.36 (including pre-judgment interest of \$46,078.36)

as compensatory damages for asbestos-related injuries. Celotex' share of the judgment was \$95,431.34. Celotex appealed the Thompson Judgment to the Court of Appeals, 1st or 14th Judicial District of Texas, Houston. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on September 11, 1990, in the amount of \$280,558.01 (the "Thompson Bond"). Allstate acted as surety on the Thompson Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Thompson Bond, on September 11, 1990, the Debtors transferred to Allstate, for the indirect benefit of Thompson, property of the Debtors having a value of \$280,558.01. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

34. Defendants Suzan Rohrbaugh, Barbara Ann Clay, and Debra Mae Ambler, individually and as the Personal Representatives of the Estate of Dorothy Mae Palmer (collectively "Rohrbaugh"), were awarded a judgment (the "Rohrbaugh Judgment") on July 19, 1990, in the United States District Court for the Northern District of Oklahoma against Celotex and one other defendant in the amount of \$193,531.00 as compensatory damages for asbestos-related injuries. Celotex' share of the judgment was \$96,765.50. Celotex appealed the Rohrbaugh Judgment to the United States Court of Appeals, Tenth Circuit. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on September 9, 1990, in the amount of \$351,424.00 (the "Rohrbaugh Bond"). Allstate acted as surety on the Rohrbaugh Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Rohrbaugh Bond, on September 9, 1990, the Debtors transferred to Allstate, for the indirect benefit of Rohrbaugh, property of the Debtors having a value of

\$351,424.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On January 22, 1991, Rohrbaugh filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On March 21, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. On May 26, 1992 the judgment was vacated and remanded for further proceedings.

35. Defendant Frances Louise Rickey ("Rickey") was awarded a judgment (the "Rickey Judgment") on July 12, 1990, in the United States District Court, Western District of Missouri, Western Division in the amount of \$126,975.13 as compensatory damages for asbestos-related injuries. Celotex appealed the Rickey Judgment to the United States Court of Appeals for the Eighth Circuit. To stay execution pending appeal, Celotex, as principal, and Home indemnity, as surety, issued a bond on September 7, 1990, in the amount of \$153,765.30 (the "Rickey Bond"). Home Indemnity acted as surety on the Rickey Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Rickey Bond, on September 7, 1990, the Debtors transferred to Home, for the indirect benefit of Rickey, property of the Debtors having a value of \$153,765.30. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On February 12, 1992, Rickey filed with this Court a motion for relief from stay seeking the entry of an order requiring the commencement of the appellate process. On March 19, 1991, this Court entered its Order Denying Motion of Mrs. Frances L. Rickey to Modify the §362 Stay. The appellate process has not been commenced and, accordingly, has not been concluded.

36. Defendant Emma Powell ("Powell") individually and as Executrix of the Estate of Henry Powell, deceased, was awarded a judgment (the "Powell Judgment") on August 10, 1990, in the Superior Court of New Jersey, Law Division, Camden County against Celotex, Carey Canada and one other defendant in the amount of \$850,068.72 (including \$297,869.72, in pre-judgment interest) as compensatory damages for asbestos-related injuries. Celotex' and Carey Canada's shares of the compensatory damages were \$449,071.06 and \$299,002.96, respectively. Celotex and Carey Canada appealed the Powell Judgment to the Superior Court of New Jersey, Appellate Division. To stay execution pending appeal, Celotex and Carey Canada as principals, and INA, as surety, issued a bond on August 27, 1990, in the amount of \$850,068.72 (the "Powell Bond"). INA acted as surety on the Powell Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Powell Bond, on August 27, 1990, the Debtors transferred to California Union, for the indirect benefit of Powell, property of the Debtors having a value of \$850,068.72. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On May 23, 1991, Powell filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 24, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

37. Powell was awarded an additional judgment against Celotex on August 10, 1990 in the Superior Court of New Jersey, Law Division, Camden County in the amount of \$856,000.00 as punitive damages for asbestos-related injuries. Celotex appealed this judgment to the Superior Court of New Jersey, Appellate Division. To stay execution pending appeal, Celotex, as principal, and INA as surety, issued a bond on August 27, 1990, in the amount of \$856,000.00 (the "Powell Bond"). INA acted as surety on the Powell Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Powell Bond, on August 27, 1990, the Debtors transferred to California Union, for the indirect benefit of Powell, property of the Debtors having a value of \$856,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On May 23, 1991, Powell filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 24, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

38. Defendants Francis Maguire and Elizabeth Maguire (the "Maguires") were awarded a judgment (the "Maguire Judgment"), on August 10, 1990, in the Superior Court of New Jersey Law Division, Camden County against Celotex, Carey Canada and one other defendant in the amount of \$301,500.00 as compensatory damages for asbestos-related injuries. Celotex' and Carey Canada's shares of the compensatory damages were \$100,500.00 each. Celotex and Carey Canada appealed the Maguire Judgment to the Superior Court of New Jersey, Appellate Division. To stay execution pending appeal, Celotex and Carey Canada, as principals, and Allstate, as surety, issued a bond on August 25, 1990, in the amount of \$449,284.00 (the "Maguire Bond"). Allstate acted as surety on the Maguire Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Maguire Bond, on August 25, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Maguires, property of the Debtors having a value of \$449,284.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On May 3, 1991, the Maguires filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On August 1, 1991, this Court entered its Amended Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

39. Defendant Daniel Rawski ("Rawski") was awarded a judgment (the "Rawski Judgment") on August 9, 1990, in the Supreme Court of the State of New York, in and for Erie County in the amount of \$362,000.00 against Celotex and one other defendant, as compensatory damages (and \$50,000.00 as punitive damages against Celotex) for asbestos-related injuries. Celotex' share of the compensatory judgment was \$271,500.00. Celotex appealed the Rawski Judgment to the State of New York, Supreme Court Appellate Division, Fourth Judicial Department. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on August 22, 1990, in the amount of \$450,000.00 (the "Rawski Bond"). Home Indemnity acted as surety on the Rawski Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Rawski Bond, on August 22, 1990, the Debtors transferred to Home, for the indirect benefit of Rawski, property of the Debtors having a value of \$450,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On April 18, 1991, Rawski filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

40. Defendants Richard J. Weber and Rose Marie Weber (the "Webers") were awarded a judgment (the "Weber Judgment") on June 27, 1990, in the United States District Court for the Western District of Pennsylvania in the amount of \$9,450.00 as compensatory damages for asbestos-related injuries. Celotex

appealed the Weber Judgment to the United States Court of Appeals, Third Circuit. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on August 22, 1990, in the amount of \$9,450.00 (the "Weber Bond"). Home Indemnity acted as surety on Weber Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Weber Bond, on August 22, 1990, the Debtors transferred to Home, for the indirect benefit of the Webers, property of the Debtors having a value of \$9,450.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

41. Defendants Stanley Boody and Anna Boody (the "Boodys") were awarded a judgment (the "Boody Judgment"), on July 27, 1990, in the Superior Court of New Jersey, Law Division, Camden County against Celotex, Carey Canada and one other defendant in the amount of \$459,190.76 (including \$84,190.76 in pre-judgment interest) as compensatory damages for asbestos-related injuries. Celotex's share of the judgment was \$140,082.88. Celotex appealed the Boody Judgment to the Superior Court of New Jersey, Appellate Division. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on August 21, 1990, in the amount of \$229,595.38 (the "Boody Celotex Bond"). Allstate acted as surety on the Boody Celotex Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Boody Celotex Bond, on August 21, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Boodys, property of the Debtors having a value of \$229,595.58. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On May 23, 1991, the Boodys filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 23, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

42. Carey Canada's share of the Boody Judgment was \$140,082.88. Carey Canada appealed the Boody Judgment to the Superior Court of New Jersey, Appellate Division. To stay execution pending appeal, Carey Canada, as principal, and Allstate, as surety, issued a bond on August 21, 1990, in the amount of \$229,595.38 (the "Boody Carey Canada Bond"). Allstate acted as surety on the Boody Carey Canada Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Boody Carey Canada Bond, on August 21, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Boodys, property of the Debtors having a value of \$229,595.38. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On May 23, 1991, the Boodys filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 23, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

43. Defendants Harold Adams, Stanley Ball, William Beeks, Crockett Brewster, Hastings Campbell, Ronald Cox, George Farmer, George Foster and Ned Staton (the "Adams Group") have actions pending against Celotex before the Circuit Court for Baltimore City, Maryland seeking damages for asbestos-related injuries. As required by the Court, prior to the entry of judgments, Celotex, as principal, and INA, as surety, issued a bond on August 17, 1990, in the amount of \$3,000,000 (the "Adams Group Bond"). INA acted as surety on the Adams Group Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Adams Group Bond, on August 17, 1990, the Debtors transferred to California Union, for the indirect benefit of the Adams Group, property of the Debtors having a value of \$3,000,000. The Debtors property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein. Judgment was not entered prior to the petition date and, accordingly, was never entered against Celotex.

44. Defendant Harless Boone ("Boone") was awarded a judgment (the "Boone Judgment") on February 2, 1990, in the Circuit Court of Monongalia County, West Virginia in the amount of \$104,000.00 as compensatory damages for asbestos-related injuries. Celotex petitioned to appeal the Boone Judgment to the Supreme Court of Appeals of West Virginia. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on August 8, 1990, in the amount of \$115,200.00 (the "Boone Bond"). INA acted as surety on the Boone Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Boone Bond, on August 8, 1990, the Debtors transferred to California Union, for the indirect benefit of Boone, property of the Debtors having a value of \$115,200.00. The Debtors'

property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On July 11, 1991, Boone filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On August 14, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The Supreme Court of Appeals of West Virginia has denied Celotex' petition for appeal.

45. Defendant Robert Davis was awarded a judgment (the "Robert Davis Judgment"), on February 2, 1990, in the Circuit Court of Monongalia County, West Virginia in the amount of \$86,850.00 as compensatory damages for asbestos-related injuries. Celotex petitioned to appeal the Robert Davis Judgment to the Supreme Court of Appeals of West Virginia. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on August 8, 1990, in the amount of \$98,850.00 (the "Robert Davis Bond"). INA acted as surety on the Robert Davis Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Robert Davis Bond, on August 8, 1990, the Debtors transferred to California Union, for the indirect benefit of Robert Davis, property of the Debtors having a value of \$98,850.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On July 11, 1991, Robert Davis filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On August 14, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The Supreme Court of Appeals of West Virginia has denied Celotex' petition for appeal.

46. Defendant Ronald Davis as Executor of the Estate of Jennings Davis, deceased, was awarded a judgment (the "Ronald Davis Judgment") on February 2, 1990, in the Circuit Court of Monongalia County, West Virginia in the amount of \$40,000.00 as punitive damages for asbestos-related injuries. Celotex petitioned to appeal the Ronald Davis Judgment to the Supreme Court of Appeals of West Virginia. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on August 8, 1990, in the amount of \$44,000.00 (the "Ronald Davis Bond"). INA acted as surety on the Ronald Davis Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Ronald Davis Bond, on August 8, 1990, the Debtors transferred to California Union, for the indirect benefit of Ronald Davis, property of the Debtors having a value of \$44,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On July 11, 1991, Ronald Davis filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On August 14, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including

the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

47. Defendant James Leonard Teague ("Teague") was awarded a judgment (the "Teague Judgment") on February 2, 1990, in the Circuit Court of Monongalia County, West Virginia in the amount of \$65,500.00 as compensatory damages for asbestos-related injuries. Celotex petitioned to appeal the Teague Judgment to the Supreme Court of Appeals of West Virginia. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on August 8, 1990, in the amount of \$76,000.00 (the "Teague Bond"). INA acted as surety on the Teague Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Teague Bond, on August 8, 1990, the Debtors transferred to California Union, for the indirect benefit of Teague, property of the Debtors having a value of \$76,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On July 11, 1991, Teague filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On August 14, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The Supreme Court of Appeals of West Virginia has denied Celotex' petition for appeal.

48. Defendants John Wilson, Sr., Alton Coney, Edward Kline, Pauline Kline and Charles Watts (the "Wilson Group") were awarded a judgment (the "Wilson Group Judgment") as Wilson, et al., on January 10, 1990, in the Superior Court of the

State of Delaware in and for New Castle County as follows: Wilson, \$323,750.00; Coney, \$16,458.56; E. Kline, \$64,000.00; P. Kline, \$153,900.00 and Watts, \$14,926.56, for a total of \$573,035.12 as compensatory damages for asbestos-related injuries. Celotex appealed the Wilson Group Judgment to the Supreme Court of the State of Delaware. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on August 7, 1990, in the amount of \$573,035.12 (the "Wilson Group Bond"). Allstate acted as surety on the Wilson Group Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Wilson Group Bond, on August 7, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Wilson Group, property of the Debtors having a value of \$573,035.12. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On September 19, 1991, the Wilson Group filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On October 24, 1991, this Court entered into its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgments affirmed.

49. Defendant Gertrude P. Caya ("Caya"), as Personal Representative of the Estate of William F. Caya, deceased, was awarded a judgment (the "Caya Judgment"), on July 20, 1990, in the United States District Court for the District of Oregon in the amount of \$27,477.24 (including \$8,115.24 in fees and costs) as compensatory damages for asbestos-related injuries. Celotex appealed the Caya Judgment to the United States Court of

Appeals for the Ninth Circuit. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on August 2, 1990, in the amount of \$31,922.49 (the "Caya Bond"). INA acted as surety on the Caya Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Caya Bond, on August 2, 1990, the Debtors transferred to California Union, for the indirect benefit of Caya, property of the Debtors having a value of \$31,922.49. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

50. Defendant George Gula ("Gula") as Personal Representative of the Estate of Dorothy Gula was awarded a judgment (the "Gula Judgment"), on July 20, 1990, in the United States District Court for the District of Oregon in the amount of \$8,127.44 for fees and costs incurred in this action, which alleged asbestos-related injuries. Celotex appealed the Gula Judgment to the United States Court of Appeals for the Ninth Circuit. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on August 2, 1990, in the amount of \$9,381.84 (the "Gula Bond"). INA acted as surety on the Gula Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Gula Bond, on August 2, 1990, the Debtors transferred to California Union, for the indirect benefit of Gula, property of the Debtors having a value of \$9,381.44. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

51. Defendant Arlene Loeffler ("Loeffler") as Personal Representative of the Estate of Dale L. Loeffler, was awarded a judgment (the "Loeffler Judgment"), on July 20, 1990, in the United States District Court for the District of Oregon in the amount of \$8,226.20 for fees and costs incurred in this action, which alleged asbestos-related injuries. Celotex appealed the Loeffler Judgment to the United States Court of Appeals for the Ninth Circuit. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on August 2, 1990, in the amount of \$9,480.60 (the "Loeffler Bond"). INA acted as surety on the Loeffler Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Loeffler Bond, on August 2, 1990, the Debtors transferred to California Union, for the indirect benefit of Loeffler, property of the Debtors having a value of \$9,480.60. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

52. Defendant Irene McCoy ("McCoy") as Personal Representative of the Estate of Robert W. McCoy, was awarded a judgment (the "McCoy Judgment"), on July 20, 1990, in the United States District Court for the District of Oregon in the amount of \$38,041.24 (including \$8,095.24 in fees and costs) as compensatory damages for asbestos-related injuries. Celotex appealed the McCoy Judgment to the United States Court of Appeals for the Ninth Circuit. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on August 2, 1990, in the amount of \$44,230.74 (the "McCoy Bond"). INA acted as surety on the McCoy Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the McCoy Bond, on August 2, 1990, the Debtors transferred to California Union, for the indirect benefit of McCoy, property of the Debtors having

a value of \$44,230.74. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

53. Defendant Dorothy L. Phillips ("Phillips") as Personal Representative of the Estate of Clester F. Phillips, was awarded a judgment (the "Phillips Judgment"), on July 20, 1990, in the United States District Court for the District of Oregon in the amount of \$8,127.88 for fees and costs incurred in this action, which alleged asbestos-related injuries. Celotex appealed the Phillips Judgment to the United States Court of Appeals for the Ninth Circuit. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on August 2, 1990, in the amount of \$9,382.27 (the "Phillips Bond"). INA acted as surety on the Phillips Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Phillips Bond, on August 2, the Debtors transferred to California Union, for the indirect benefit of Phillips, property of the Debtors having a value of \$9,382.27. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

54. Defendants Harry A. Wingate and Cecilia Wingate (the "Wingates") were awarded a judgment (the "Wingate Judgment"), on July 20, 1990, in the Circuit Court, Fourth Judicial Circuit, in and for Duval County, Florida in the amount of \$212,802.22 against Carey Canada as compensatory damages (and \$89,000.00 as punitive damages) for asbestos-related injuries. Carey Canada appealed the Wingate Judgment to the First District Court of Appeal, State of Florida. To stay execution pending appeal, Carey Canada, as principal, and INA, as surety, issued a bond on July 26, 1990, in the amount of \$374,234.75

(the "Wingate Carey Canada Bond"). INA acted as surety on the Wingate Carey Canada Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Wingate Carey Canada Bond, on July 26, 1990, the Debtors transferred to California Union, for the indirect benefit of the Wingates, property of the Debtors having a value of \$374,234.75. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

55. The Wingates were awarded an additional judgment on July 20, 1990, in the Circuit Court, Fourth Judicial Circuit, in and for Duval County, Florida in the amount of \$463,157.78 against Celotex as compensatory damages (and \$193,000.00 as punitive damages) for asbestos-related injuries. Celotex appealed this judgment to the First District Court of Appeal, State of Florida. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on July 26, 1990, in the amount of \$813,635.65 (the "Wingate Celotex Bond"). INA acted as surety on the Wingate Celotex Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraph 171-172 herein. As collateral for the issuance of the Wingate Celotex Bond, on July 26, 1990, the Debtors transferred to California Union, for the indirect benefit of the Wingates, property of the Debtors having a value of \$813,635.65. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

56. Defendants Viold Moeckel and Evangeline Moeckel (the "Moeckels") were awarded a judgment (the "Moeckel Judgment"), on July 2, 1990, from the Circuit Court, Eleventh

Judicial Circuit, in and for Dade County, Florida in the amount of \$235,250.00 as compensatory damages for asbestos-related injuries. Celotex appealed the Moeckel Judgment to the Third District Court of Appeals. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on July 24, 1990, in the amount of \$291,710.00 (the "Moeckel Bond"). INA acted as surety on the Moeckel Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Moeckel Bond, on July 24, 1990, the Debtors transferred to California Union, for the indirect benefit of the Moeckels, property of the Debtors having a value of \$291,710.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On December 11, 1990, the Moeckels filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On February 11, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

Bonded Claimants Receiving Transfers Outside 90 Days and Within One Year of Petition Date

57. The defendants named below in paragraphs 58 through 117 were the beneficiaries of transfers of the Debtors' property through issuance of Bonds outside 90 days and within one year of the Petition Date. These defendants are sometimes collectively referred to as the "One Year Defendants."

58. Defendants Lawrence J. Falck, Jr. and Betty Lou Falck (the "Falcks") were awarded a judgment (the "Falck Judgment") on January 29, 1990 and June 12, 1990, in the United States District Court for the Western District of Pennsylvania against Celotex and three other defendants in the amounts of \$10,000.00 as compensatory damages for asbestos-related injuries, and \$3,469.90 as delay damages (prejudgment interest). Celotex' share of the judgments was \$3,681.63. Celotex appealed the Falck Judgment to the United States Court of Appeals for the Third Circuit. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on June 30, 1990, in the amount of \$3,682.00 (the "Falck Bond"). As collateral for the issuance of the Falck Bond, on June 30, 1990, the Debtors transferred to National Union, for the indirect benefit of the Falcks, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

59. Defendant Frank J. Coughlin ("Coughlin") was awarded a judgment (the "Coughlin Judgment") on June 1, 1990, in the Superior Court of the State of California, County of Alameda against Celotex and one other defendant in the amount of \$891,359.00, as compensatory damages for asbestos-related injuries. Celotex appealed the Coughlin Judgment to the Court of Appeals. Celotex' share, which is an issue on appeal, is not more than \$445,679.50. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on June 21, 1990, in the amount of \$1,337,038.50 (the "Coughlin Bond"). INA acted as surety on the Coughlin Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Coughlin Bond, on June 21, 1990, the Debtors transferred to California Union, for the indirect benefit of Coughlin, property of the Debtors having a value of \$1,337,038.50. The Debtors' property that was transferred was in the form of an assignment of certain future

insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On March 19, 1991, Coughlin filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On April 16, 1991, this Court entered its Order Regarding Relief From Stay modifying the \$362 Stay and the \$105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

60. Defendant John Costello ("Costello"), Executor of the estate of Martin Costello, deceased, was awarded a judgment (the "Costello Judgment") on May 21, 1990, in the Court of Common Pleas, Philadelphia County, in the amount of \$59,500.00, as compensatory damages for asbestos-related injuries, and \$51,931.60 as delay damages (pre-judgment interest). Celotex appealed the Costello Judgment to the Supreme Court of Pennsylvania. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on June 14, 1990 in the amount of \$133,717.92 (the "Costello Bond"). As collateral for the issuance of the Costello Bond, on June 14, 1990, the Debtors transferred to National Union, for the indirect benefit of Costello, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

61. Defendants Ronnie Trent and Susan Trent (the "Trents") were awarded a judgment (the "Trent Judgment"), on March 16, 1990, in the District Court of 160th Judicial District, Dallas County, Texas, in the amount of \$122,000.00, as compensatory damages against Celotex and one other defendant (and \$25,000.00 as punitive damages against Celotex) for asbestos-related injuries. Celotex' share of the compensatory judgment

was \$61,000.00. Celotex appealed the Trent Judgment to the Court of Civil Appeals, Sixth Supreme Judicial District of Texas. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on June 9, 1990 in the amount of \$175,300.00 (the "Trent Bond"). As collateral for the issuance of the Trent Bond, on June 9, 1990, the Debtors transferred to National Union, for the indirect benefit of the Trents, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On May 10, 1991, the Trents filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

62. Defendants Gordon L. House and Gladys House (the "Houses") were awarded a judgment (the "House Judgment"), on May 17, 1990, in the District Court in and for Escambia County, Florida in the amount of \$74,300.00, as compensatory damages (and \$400,000.00 as punitive damages) for asbestos-related injuries. Celotex appealed the House Judgment to the Florida First District Court of Appeals. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on June 8, 1990 in the amount of \$588,132.00 (the "House Bond"). INA acted as surety on the House Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the House Bond, on June 8, 1990, the Debtors transferred to California Union, for the indirect benefit of the Houses, property of the Debtors having a value of \$588,132.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds

to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On February 5, 1991, the Houses filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On March 5, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

63. Defendant Mary Kreppein ("Kreppein") for Gustave Kreppein, deceased, was awarded a judgment (the "Kreppein Judgment") on March 9, 1990, in the United States District Court, Eastern District of New York and Southern District of New York against Celotex and three other defendants in the amount of \$564,440.00 as compensatory damages for asbestos-related injuries. Celotex' share of the judgment was \$229,303.82. Celotex appealed the Kreppein Judgment to the United States Court of Appeals for the Second Circuit. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on June 4, 1990 in the amount of \$254,527.24 (the "Kreppein Bond"). INA acted as surety on the Kreppein Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Kreppein Bond, on June 4, 1990, the Debtors transferred to California Union, for the indirect benefit of Kreppein, property of the Debtors having a value of \$254,527.24. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On September 13, 1991, Kreppin filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On October 24, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

64. Defendants David L. Carpenter and Doris Carpenter (the "Carpenters") were awarded a judgment (the "Carpenter Judgment") on May 18, 1989, in the United States District Court, Southern District of Ohio, Western Division, against Celotex, Carey Canada and one other defendant, in the amount of \$586,750.00, as compensatory damages for asbestos-related injuries. The portion of the compensatory award apportioned against Celotex was \$195,583.33, and against Carey Canada, \$195,583.33. Celotex and Carey Canada appealed the Carpenter Judgment to the United States Court of Appeals for the Sixth Circuit. To stay execution pending appeal, Celotex and Carey Canada, as principals, and INA, as surety, issued a bond on May 31, 1990 in the amount of \$400,202.62 (the "Carpenter Bond"). INA acted as surety on the Carpenter Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Carpenter Bond, on May 31, 1990, the Debtors transferred to California Union, for the indirect benefit of the Carpenters, property of the Debtors having a value of \$400,202.62. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

65. Defendants William L. Taylor and Edith Taylor (the "Taylors") were awarded a judgment (the "Taylor Judgment") on May 18, 1989, in the United States District Court, Southern

District of Ohio, Western Division, against Celotex, Carey Canada and one other defendant, in the amount of \$820,500.00, as compensatory damages for asbestos-related injuries. The portion of the compensatory award apportioned against Celotex was \$273,500.00, and against Carey Canada, \$273,500.00. Celotex and Carey Canada appealed the Taylor Judgment to the United States Court of Appeals for the Sixth Circuit. To stay execution pending appeal, Celotex and Carey Canada, as principals, and INA, as surety, issued a bond on May 31, 1990 in the amount of \$559,635.70 (the "Taylor Bond"). INA acted as surety on the Taylor Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Taylor Bond, on May 31, 1990, the Debtors transferred to California Union, for the indirect benefit of the Taylors, property of the Debtors having a value of \$559,635.70. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

66. Defendant Mary Gambacorta ("Gambacorta"), as Executrix of the Estate of Frank Gambacorta, deceased, was awarded a judgment (the "Gambacorta Judgment") on May 11, 1990 in the United States District Court, Northern District of New York, in the amount of \$1,071,808.67 (including \$77,482.00 pre-judgment interest) as compensatory damages for asbestos-related injuries. Celotex appealed the Gambacorta Judgment to the United States Court of Appeals for the Second Circuit. To stay execution pending appeal, Celotex, as principal, and INA, as surety, issued a bond on May 29, 1990 in the amount of \$1,189,957.62 (the "Gambacorta Bond"). INA acted as surety on the Gambacorta Bond pursuant to the California Union Agreement between the Debtors and California Union more specifically described in paragraphs 171-172 herein. As collateral for the issuance of the Gambacorta Bond, on May 29, 1990, the

Debtors transferred to California Union, for the indirect benefit of Gambacorta, property of the Debtors having a value of \$1,189,957.62. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the California Union Agreement more specifically described in paragraphs 171-172 herein.

On January 30, 1991, Gambacorta filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On March 19, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and judgment affirmed.

67. Defendant Julio Navarro ("Navarro") was awarded a judgment (the "Navarro Judgment") on April 24, 1990, in the Court of Common Pleas, First Judicial District of Pennsylvania, in the amount of \$6,666.67, as compensatory damages for asbestos-related injuries, and \$5,706.20 as delay damages (pre-judgment interest). Celotex appealed the Navarro Judgment to the Supreme Court of Pennsylvania. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on May 25, 1990 in the amount of \$14,847.44 (the "Navarro Bond"). As collateral for the issuance of the Navarro Bond, on May 25, 1990, the Debtors transferred to National Union, for the indirect benefit of Navarro, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

68. Defendant Andrew Winder ("Winder") was awarded a judgment (the "Winder Judgment") on April 24, 1990, in the Court of Common Pleas, First Judicial District of Pennsylvania, Civil Trial Division, in the amount of \$6,666.67, as compensatory

damages for asbestos-related injuries, and \$4,901.00 as delay damages (pre-judgment interest). Celotex appealed the Winder Judgment to the Pennsylvania Appellate Court. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on behalf of Winder on May 25, 1990 in the amount of \$13,881.20 (the "Winder Bond"). As collateral for the issuance of the Winder Bond, on May 25, 1990, the Debtors transferred to National Union, for the indirect benefit of Winder, a security interest in cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

69. Defendant Frank C. Foytik ("Foytik") was awarded a judgment (the "Foytik Judgment") on May 2, 1990, in the Circuit Court of the Eleventh Judicial Circuit in and for Dade County, Florida, in the amount of \$583,500.00 as compensatory damages for asbestos-related injuries. Celotex appealed the Foytik Judgment to the District Court of Appeal, Third District of Florida. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on May 23, 1990 in the amount of \$723,540.00 (the "Foytik Bond"). Allstate acted as surety on the Foytik Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Foytik Bond, on May 23, 1990, the Debtors transferred to Allstate, for the indirect benefit of Foytik, property of the Debtors having a value of \$723,540.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On December 11, 1990, Foytik filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On February 11, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for

the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and judgment affirmed.

70. Defendants Charles W. Hamilton and Elizabeth Hamilton (the "Hamiltons") were awarded a judgment (the "Hamilton Judgment") on May 11, 1990, in the United States District Court, Northern District of New York, in the amount of \$120,858.14, as compensatory damages for asbestos-related injuries. Celotex appealed the Hamilton Judgment to the United States Court of Appeals for the Second Circuit. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on May 23, 1990 in the amount of \$134,402.53 (the "Hamilton Bond"). Home Indemnity acted as surety on the Hamilton Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Hamilton Bond, on May 23, 1990, the Debtors transferred to Home, for the indirect benefit of the Hamiltons, property of the Debtors having a value of \$134,402.53. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On January 30, 1991, the Hamiltons filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On March 19, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and judgment affirmed.

71. Defendant Nathaniel Bailey ("Bailey") was awarded a judgment (the "Bailey Judgment") on April 5, 1990, in the Court of Common Pleas, First Judicial District of Pennsylvania, Civil Trial Division, in the amount of \$9,375.00, as compensatory damages for asbestos-related injuries and \$7,065.15 as delay damages (pre-judgment interest). Celotex appealed the Bailey Judgment to the Pennsylvania Appellate Court. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on May 4, 1990 in the amount of \$19,728.18 (the "Bailey Bond"). Home Indemnity acted as surety on the Bailey Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Bailey Bond, on May 4, 1990, the Debtors transferred to Home, for the indirect benefit of Bailey, property of the Debtors having a value of \$19,728.18. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

72. Defendant Nan Swartz ("Swartz"), Executrix of the Estate of Irvin Swartz, and in her own right, was awarded a judgment (the "Swartz Judgment") on April 9, 1990, in the Court of Common Pleas, Philadelphia County, in the amount of \$7,500.00, as compensatory damages for asbestos-related injuries, as well as \$5,638.13 as delay damages (pre-judgment interest). Celotex appealed the Swartz Judgment to the Pennsylvania Appellate Court. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on May 4, 1990 in the amount of \$15,765.76 (the "Swartz Bond"). Home Indemnity acted as surety on the bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Swartz Bond, on May 4, 1990, the Debtors transferred to Home, for the indirect benefit of Swartz, property of the Debtors having a value of \$15,765.76. The Debtors' property that was transferred was in the form of an assignment

of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

73. Defendants Earl Wolf and Betty Wolf (the "Wolfs") were awarded a judgment (the "Wolf Judgment") on April 11, 1990, in the Supreme Court of the State of New York, Eighth Judicial District, in the amount of \$267,601.46 (including \$789.36 pre-judgment interest), as compensatory damages for asbestos-related injuries. Celotex appealed the Wolf Judgment to the Supreme Court of the State of New York, Appellate Division. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on April 23, 1990 in the amount of \$267,601.46 (the "Wolf Bond"). Home Indemnity acted as surety on the Wolf Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Wolf Bond, on April 23, 1990, the Debtors transferred to Home, for the indirect benefit of the Wolfs, property of the Debtors having a value of \$267,601.46. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On April 1, 1991, the Wolfs filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

74. Defendant Kenneth O. Allen ("Allen") was awarded a judgment (the "Allen Judgment") on April 10, 1990, in the United States District Court for the Southern District of Alabama, Southern Division in the amount of \$50,000.00, as punitive damages for asbestos-related injuries. Celotex appealed the Allen Judgment to the United States Court of Appeals for the Eleventh Circuit. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on April 20, 1990 in the amount of \$50,000.00 (the "Allen Bond"). Home Indemnity acted as surety on the Allen Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Allen Bond, on April 20, 1990, the Debtors transferred to Home Indemnity, for the indirect benefit of Allen, property of the Debtors having a value of \$50,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On May 10, 1991, Allen filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 23, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

75. Defendant Shirley Holtz ("Holtz") was awarded a judgment (the "Holtz Judgment") on January 19, 1990, in the Superior Court of the State of California, County of San Diego, in the amount of \$108,250.00 as compensatory damages for asbestos-related injuries. Celotex appealed the Holtz Judgment to the California Appellate Court. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on April 20, 1990 in the amount of \$162,375.00

(the "Holtz Bond"). Home Indemnity acted as surety on the Holtz Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Holtz Bond, on April 20, 1990, the Debtors transferred to Home, for the indirect benefit of Holtz, property of the Debtors having a value of \$162,375.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

76. Defendant George Theer ("Theer") was awarded a judgment (the "Theer Judgment") on April 9, 1990, in the Court of Common Pleas, Philadelphia County, in the amount of \$100,000.00, as compensatory damages for asbestos-related injuries, as well as \$54,966.67 as delay damages (pre-judgment interest). Celotex appealed the Theer Judgment to the Pennsylvania Appellate Court. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on April 20, 1990 in the amount of \$185,960.00 (the "Theer Bond"). Home Indemnity acted as surety on the Theer Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Theer Bond, on April 20, 1990, the Debtors transferred to Home, for the indirect benefit of Theer, property of the Debtors having a value of \$185,960.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

77. Defendants Thomas Bigelow and Phyllis Bigelow (the "Bigelows") were awarded a judgment (the "Bigelow Judgment") on April 4, 1990, in the Supreme Court of the State of New York, County of New York, in the amount of \$212,756.67 (including pre-judgment interest of \$7,690.00), as compensatory damages for asbestos-related injuries. Celotex appealed the

Bigelow Judgment to the Supreme Court of the State of New York, Appellate Division. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on April 13, 1990, in the amount of \$212,756.67 (the "Bigelow Bond"). Allstate acted as surety on the Bigelow Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Bigelow Bond, on April 13, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Bigelows, property of the Debtors having a value of \$212,756.67. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On March 27, 1991, the Bigelows filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

78. Defendant Pearl Glaser ("Glaser"), Executrix of the Estate of David Glaser, Deceased, and individually as the widow of David Glaser, was awarded a judgment (the "Glaser Judgment") on April 4, 1990, in the Supreme Court of the State of New York, County of New York, in the amount of \$606,678.12 (including pre-judgment interest of \$21,928.12), as compensatory damages for asbestos-related injuries. Celotex appealed the Glaser Judgment to the Supreme Court of the State of New York, Appellate Division. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on April 13, 1990, in the amount of \$606,678.12 (the "Glaser Bond"). Allstate acted as surety on the Glaser Bond pursuant to the

Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Glaser Bond, on April 13, 1990, the Debtors transferred to Allstate, for the indirect benefit of Glaser, property of the Debtors having a value of \$606,678.12. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On March 27, 1991, Glaser filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

79. Defendant Anna Rattien ("Rattien"), Administratrix of the Estate of Julio Sanchez, deceased, was awarded a judgment (the "Rattien Judgment") on April 4, 1990, in the Supreme Court of the State of New York, County of New York, in the amount of \$974,731.25 (including pre-judgment interest of \$35,231.25), as compensatory damages for asbestos-related injuries. Celotex appealed the Rattien Judgment to the Supreme Court of the State of New York, Appellate Division. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on April 13, 1990, in the amount of \$974,731.25 (the "Rattien Bond"). Allstate acted as surety on the Rattien Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Rattien Bond, on April 13, 1990, the Debtors transferred to Allstate, for the indirect benefit of Rattien, property of the Debtors having a value of \$974,731.25. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds

to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On March 27, 1991, Rattien filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

80. Defendants Charles Rose and Julia Rose (the "Roses") were awarded a judgment (the Rose Judgment") on April 4, 1990, in the Court of Common Pleas, Philadelphia County, in the amount of \$249,999.99, as compensatory damages for asbestos-related injuries, and \$209,427.08 as delay damages (pre-judgment interest). Celotex appealed the Rose Judgment to the Superior Court of Pennsylvania, Philadelphia Office. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on April 13, 1990, in the amount of \$551,312.48 (the "Rose Bond"). Allstate acted as surety on the Rose Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Rose Bond, on April 13, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Roses, property of the Debtors having a value of \$551,312.48. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein. On June 12, 1990, Celotex' appeal was dismissed.

On January 14, 1991, the Roses filed with this Court a motion for relief from stay seeking the entry of an order allowing the Roses to proceed against the supersedeas bond

posted by Celotex. On April 16, 1991, this Court entered its Order Denying Motion for Relief From Stay filed by Charles Rose and Julia Rose.

81. Defendant Jesse Mills ("Mills") was awarded a judgment (the "Mills Judgment") on February 23, 1990, in the United States District Court, Southern District of Ohio, Western Division, in the amount of \$98,950.00, as compensatory damages for asbestos-related injuries. Carey Canada appealed the Mills Judgment to the United States Court of Appeals for the Sixth Circuit. To stay execution pending appeal, Carey Canada, as principal, and Home Indemnity, as surety, issued a bond on March 16, 1990 in the amount of \$119,997.00 (the "Mills Bond"). Home Indemnity acted as surety on the Mills Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Mills Bond, on March 16, 1990, the Debtors transferred to Home, for the indirect benefit of Mills, property of the Debtors having a value of \$119,997.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

82. Defendant Gracy Meadow Owners Association, Inc. ("Gracy Meadow") was awarded a judgment against Celotex (the "Gracy Meadow Judgment") on December 18, 1989, in the District Court of Travis County, Texas, 98th Judicial District, in the amount of \$147,806.50 (including \$115,000 fees and \$3,853.17 pre-judgment interest), as compensatory damages and \$57,906.67 as statutory (punitive) damages (not asbestos-related). Celotex appealed the Gracy Meadow Judgment to the Court of Appeals, Third District of Texas at Austin, Texas. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on March 15, 1990 in the amount of \$226,284.49 (the "Gracy Meadow Bond"). As collateral for the issuance of the Gracy Meadows Bond, on March 15, 1990,

the Debtors transferred to National Union, for the indirect benefit of Gracy Meadows, a security interest in the Debtors' cash previously transferred to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On August 21, 1991, Gracy Meadow filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On October 4, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

83. Defendant William A. Angotti ("Angotti"), was awarded a judgment on December 12, 1989, in the Circuit Court of Jackson County, Missouri at Kansas City, in the amount of \$189,500.00 as compensatory damages, and \$250,000.00 as punitive damages for asbestos-related injuries. Celotex appealed the Angotti Judgment to the Missouri Court of Appeals, Western District. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on February 20, 1990 in the amount of \$479,000.00 (the "Angotti Bond"). As collateral for the issuance of the Angotti Bond, on February 20, 1990, the Debtors transferred to National Union, for the indirect benefit of Angotti, a security interest in the Debtors' cash previously transferred into the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On December 17, 1990, Angotti filed with this Court an amended motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On January 16, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded.

The compensatory award was affirmed and the punitive award was reversed on appeal.

84. Defendants Donald E. Hogan and S. Joan Hogan (the "Hogans") were awarded a judgment (the "Hogan Judgment"), on November 21, 1989, in the Circuit Court of Jackson County, Missouri at Kansas City, in the amount of \$33,500.00, as compensatory damages against Celotex and one other defendant (and \$198,333.00 as punitive damages against Celotex) for asbestos-related injuries. Celotex appealed the Hogan Judgment to the Missouri Court of Appeals, Western District. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on February 20, 1990 in the amount of \$255,000.00 (the "Hogan Bond"). As collateral for the issuance of the Hogan Bond, on February 20, 1990, the Debtors transferred to National Union, for the indirect benefit of the Hogans, a security interest in the Debtors' cash previously transferred into the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On February 6, 1991, the Hogans filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On March 21, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded. The compensatory award was affirmed and the punitive award was reversed on appeal. Payments by other defendants have reduced Celotex' portion of the judgment to \$13,500.00.

85. Defendants Ernest Cleveland, Jr., and Winifred Cleveland (the "Clevelands") were awarded a judgment (the "Cleveland Judgment") on January 8, 1990, in the Court of Common Pleas of Philadelphia County, in the amount of \$246,000.00, as compensatory damages for asbestos-related

injuries and \$187,033.80 as delay damages (pre-judgment interest). Celotex appealed the Cleveland Judgment to the Pennsylvania Appellate Court. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on February 8, 1990, in the amount of \$519,640.56 (the "Cleveland Bond"). Home Indemnity acted as surety on the Cleveland Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Cleveland Bond, on February 8, 1990, the Debtors transferred to Home, for the indirect benefit of the Clevelands, property of the Debtors having a value of \$519,640.56. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

86. Defendants William Earl Glasscock, Roy B. Ghent, Lois T. Ghent, Charles and Leta Faye Marsh, Charles A. Reich, Gary and Linda Starkey, Gus and Lena Geisler, Malvin R. and Nancy Lane, Carlos G. and Delia S. Gonzalez, William E. and Sandra Smith, and James W. and Barbara E. Phillips ("Glasscock Group") were awarded a judgment (the "Glasscock Judgment") on January 19, 1990, in the United States District Court for the Eastern District of Texas, Marshall Division, in the total amount of \$317,625.00 as compensatory damages (and \$6,100,000.00 as punitive damages) for asbestos-related injuries. Individual awards were as follows: Glasscock, \$84,000.00 compensatory damages and \$600,000.00 punitive damages; Roy B. Ghent, \$12,500.00 compensatory damages and \$600,000.00 punitive damages; Lois T. Ghent, \$9,000.00 compensatory damages and \$100,000.00 punitive damages; Marsh, \$78,125.00 compensatory damages and \$600,000.00 punitive damages; Reich, \$40,000.00 compensatory damages and \$600,000.00 punitive damages; Starkey, \$11,250.00 compensatory damages and \$600,000.00 punitive damages; Geisler, \$17,500.00 compensatory damages and \$600,000.00 punitive damages; Lane, \$3,750.00 compensatory damages and \$600,000.00 punitive damages;

Gonzalez, \$10,000.00 compensatory damages and \$600,000.00 as punitive damages; Smith, \$12,500.00 compensatory damages and \$600,000.00 punitive damages; and Phillips, \$39,000.00 compensatory damages and \$600,000.00 punitive damages. Celotex appealed the Glasscock Judgment to the United States Court of Appeals for the Fifth Circuit. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on February 6, 1990 in the amount of \$7,160,010.11 (the "Glasscock Group Bond"). As collateral for the issuance of the Glasscock Group Bond, on February 6, 1990, the Debtors transferred to National Union, for the indirect benefit of the Glasscock Group, a security interest in the Debtors' cash previously transferred into the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On November 14, 1990, the Glasscock Group filed with this Court a motion challenging jurisdiction and for relief from stay seeking the entry of an order allowing continuation of the appellate process. On January 10, 1991, this Court entered its order regarding relief from stay, modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the Judgment affirmed.

87. Defendants Reuben S. Pool and Lee Pool, Charles Strong and Nancy Strong, Thomas Sledge and Betty Sledge and Bobbie Freeman, Donna Freeman and Ollie Freeman (the "Pool Group"), were awarded a judgment (the "Pool Judgment") on November 1, 1989, in the District Court of Rusk County, Texas, Fourth Judicial District, in the total amount of \$3,182,169.50 as compensatory damages against Celotex and five other defendants, and \$1,000,000.00 as punitive damages against Celotex for asbestos-related injuries. Celotex's share of the compensatory judgment was \$995,052.97. Individual awards against Celotex were as follows: Pool, \$206,036.72 compensatory damages and \$250,000.00 punitive damages; Strong, \$238,256.25

compensatory damages and \$250,000.00 punitive damages; Sledge, \$238,212.50 compensatory damages and \$250,000.00 punitive damages; and Freeman, \$312,547.50 compensatory damages and \$250,000.00 punitive damages. Celotex appealed the Pool Judgment to the Court of Civil Appeals, Sixth Supreme Judicial District of Texas, at Texarkana, Texas. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on February 2, 1990 in the amount of \$4,837,715.70 (the "Pool Group Bond"). As collateral for the issuance of the Pool Group Bond, on February 2, 1990, the Debtors transferred to National Union, for the indirect benefit of the Pool Group, a security interest in the Debtors' cash previously transferred to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On November 14, 1990, the Pool Group filed with this Court a motion challenging jurisdiction and for relief from stay seeking the entry of an order allowing continuation of the appellate process. On January 10, 1991, this Court entered its order regarding relief from stay, modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

88. Defendants Lessie L. Williams, Ralph E. Williams, Robert E. Williams, Carol A. Purdy, Murray W. Williams, Cindy L. Powdrill, Bobbie S. Phillips, Emory G.L. Williams and Patsy R. Fountain (the "Williams") were awarded a judgment (the "Williams Judgment") on November 1, 1989, in the District Court of Rusk County, Texas, 4th Judicial District in the amount of \$576,000.00 as compensatory damages against Celotex and four other defendants and \$200,000.00 as punitive damages against Celotex for asbestos-related injuries. Celotex's share of the compensatory award was \$120,000.00. Celotex appealed the Williams Judgment to the Court of Civil Appeals, Sixth Supreme Judicial District of Texas, at Texarkana, Texas. To stay

execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on February 2, 1990 in the amount of \$1,385,375.40 (the "Williams Bond"). As collateral for the issuance of the Williams Bond, on February 2, 1990, the Debtors transferred to National Union, for the indirect benefit of the Williams, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On November 14, 1990, the Williams' filed with this Court a motion challenging jurisdiction and for relief from stay seeking the entry of an order allowing continuation of the appellate process. On January 10, 1991, this Court entered its order regarding relief from stay, modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

89. Defendant Marlin L. Eyster and Loy Eyster (the "Eysters") were awarded a judgment (the "Eyster Judgment") on December 1, 1989, in the Court of Common Pleas, Dauphin County, Pennsylvania, against Celotex and six other defendants, in the amount of \$75,000.00, as compensatory damages for asbestos-related injuries, and \$38,935.61 as delay damages (pre-judgment interest). Celotex' share of the judgment was \$16,276.52. Celotex appealed the Eyster Judgment to the Superior Court of Pennsylvania. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on February 1, 1990 in the amount of \$19,531.82 (the "Eyster Bond"). Allstate acted as surety on the Eyster Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Eyster Bond, on February 1, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Eysters, property of the Debtors having a value of \$19,531.82. The Debtors' property that was transferred

was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

90. Defendants David Flack and Doris Flack (the "Flacks"), were awarded a judgment (the "Flack Judgment") on December 1, 1989, in the Court of Common Pleas, Dauphin County, Pennsylvania, against Celotex and six other defendants, in the amount of \$50,000.00, as compensatory damages for asbestos-related injuries and \$25,957.07 in delay damages (pre-judgment interest). Celotex' portion of the judgment was \$10,851.01. Celotex appealed the Flack Judgment to the Superior Court of Pennsylvania. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued the bond on February 1, 1990 in the amount of \$13,021.21 (the "Flack Bond"). Allstate acted as surety on the Flack Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Flack Bond, on February 1, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Flacks, property of the Debtors having a value of \$13,021.21. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

91. Defendants Robert Goodsell and Lily Goodsell (the "Goodsells") were awarded a judgment (the "Goodsell Judgment") on December 1, 1989, in the Court of Common Pleas, Dauphin County, Pennsylvania, against Celotex and one other defendant, in the amount of \$20,000.00, as compensatory damages for asbestos-related injuries, and \$10,382.83 in delay damages (pre-judgment interest). Celotex' share of the judgment was \$15,191.42. Celotex appealed the Goodsell Judgment to the Superior Court of Pennsylvania. To stay execution pending

appeal, Celotex, as principal, and Allstate, as surety, issued a bond on February 1, 1990 in the amount of \$18,229.70 (the "Goodsell Bond"). Allstate acted as surety on the Goodsell Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Goodsell Bond, on February 1, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Goodsells, property of the Debtors having a value of \$18,229.70. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

92. Defendants Charles Graham and Ethel Graham (the "Grahams"), were awarded a judgment (the "Graham Judgment"), on December 1, 1989, in the Court of Common Pleas, Dauphin County, Pennsylvania, against Celotex and six other defendants, in the amount of \$20,000.00, as compensatory damages for asbestos-related injuries, and \$10,382.83 as delay damages. Celotex' share of the judgment was \$4,340.40. Celotex appealed the Graham Judgment to the Superior Court of Pennsylvania. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on February 1, 1990 in the amount of \$5,208.48 (the "Graham Bond"). Allstate acted as surety on the Graham Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Graham Bond, on February 1, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Grahams, property of the Debtors having a value of \$5,208.48. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

93. Defendant Mary McCorry ("McCorry"), individually and as Administratrix of the Estate of Donald J. McCorry, deceased, was awarded a judgment (the "McCorry Judgment") on December 20, 1989, in the Supreme Court of the State of New York, County of New York, in the amount of \$268,813.40 (including pre-judgment interest and costs), as compensatory damages for asbestos-related injuries. Celotex appealed the McCorry Judgment to the Supreme Court of the State of New York, Appellate Division. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on January 20, 1990 in the amount of \$268,813.40 (the "McCorry Bond"). As collateral for the issuance of the McCorry Bond, on January 20, 1990, the Debtors transferred to National Union, for the indirect benefit of McCorry, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On November 5, 1990, McCorry filed with this Court a motion for relief from stay seeking the entry of an order allowing continuation of the appellate process. On January 15, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

94. Defendant, Sylvonnia Stridiron ("Stridiron"), Individually and as Administratrix of the Estate of Donald W. Stridiron, deceased, was awarded a judgment (the "Stridiron Judgment") on December 20, 1989, in the Supreme Court of the State of New York, County of New York, in the amount of \$142,685.60 (including pre-judgment interest and costs), as compensatory damages for asbestos-related injuries. Celotex appealed the Stridiron judgment to the Supreme Court of the State of New York, Appellate Division. To stay execution

pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on January 20, 1990, in the amount of \$142,658.60 (the "Stridiron Bond"). As collateral for the issuance of the Stridiron Bond, on January 20, 1990, the Debtors transferred to National Union, for the indirect benefit of Stridiron, a security interest in the Debtors' cash previously transferred by the Debtors into the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On November 5, 1990, Stridiron filed with this Court a motion for relief from stay seeking the entry of an order allowing continuation of the appellate process. On January 15, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

95. Defendant Howard Legg ("Legg") was awarded a judgment (the "Legg Judgment") on December 11, 1989, in the United States District Court, Northern District of Georgia, Atlanta Division, in the amount of \$200,200.00, as compensatory damages for asbestos-related injuries. Celotex and Carey Canada appealed the Legg Judgment to the United States Court of Appeals for the Eleventh Circuit. To stay execution pending appeal, Celotex and Carey Canada, as principals, and National Union, as surety, issued a bond on January 12, 1990 in the amount of \$228,923.70 (the "Legg Bond"). As collateral for the issuance of the Legg Bond, on January 12, 1990, the Debtors transferred to National Union, for the indirect benefit of Legg, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On May 10, 1991, Legg filed with this Court an amended motion for relief from stay seeking the entry of an order allowing continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

96. Defendant Howard Pitts ("Pitts") was awarded a judgment (the "Pitts Judgment") on December 11, 1989, in the United States District Court, Northern District of Georgia, Atlanta Division, in the amount of \$361,100.00, as compensatory damages for asbestos-related injuries. Celotex and Carey Canada appealed the Pitts Judgment to the United States Court of Appeals for the Eleventh Circuit. To stay execution pending appeal, Celotex and Carey Canada, as principals, and National Union, as surety, issued a bond on January 12, 1990 in the amount of \$408,890.35 (the "Pitts Bond"). As collateral for the issuance of the Pitts Bond, on January 12, 1990, the Debtors transferred to National Union, for the indirect benefit of Pitts, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On May 10, 1991, Pitts filed with this Court an amended motion for relief from stay seeking the entry of an order allowing continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

97. Defendant Robert L. Coker ("Coker") was awarded a judgment (the "Coker Judgment") on August 21, 1989, in the United States District Court for the Northern District of Georgia, Atlanta Division, against Celotex, Carey Canada and one other defendant, in the amount of \$167,000.00, as compensatory damages for asbestos-related injuries. Celotex and Carey Canada's shares were \$55,666.67 each. Celotex and Carey Canada appealed the Coker Judgment to the United States Court of Appeals for the Eleventh Circuit. To stay execution pending appeal, Celotex and Carey Canada, as principals, and National Union, as surety, issued a bond on January 5, 1990 in the amount of \$194,945.80 (the "Coker Bond"). As collateral for the issuance of the Coker Bond, on January 5, 1990, the Debtors transferred to National Union, for the indirect benefit of Coker, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On May 10, 1991, Coker filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

98. Defendant Warren Harvey Coker ("Coker") was awarded a judgment (the "Coker Judgment"), on August 21, 1989, in the United States District Court for the Northern District of Georgia, Atlanta Division, against Celotex, Carey Canada and one other defendant in the amount of \$131,000.00, as compensatory damages for asbestos-related injuries. Celotex' and Carey Canada's shares were \$43,666.67 each. Celotex and Carey Canada appealed the Coker Judgment to the United States Court of Appeals for the Eleventh Circuit. To stay execution pending appeal, Celotex and Carey Canada, as principals, and

National Union, as surety, issued a bond on January 5, 1990 in the amount of \$153,999.40 (the "Coker Bond"). As collateral for the issuance of the Coker Bond, on January 5, 1990, the Debtors transferred to National Union, for the indirect benefit of Coker, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On May 10, 1991, Coker filed with this Court a motion for relief from stay seeking the entry of an order allowing continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

99. Defendant Troy Hilliard Manning ("Manning") was awarded a judgment (the "Manning Judgment") on August 21, 1989, in the United States District Court for the Northern District of Georgia, Atlanta Division against Celotex, Carey Canada and one other defendant in the amount of \$370,000.00, as compensatory damages for asbestos-related injuries. Celotex' and Carey Canada's shares were \$123,333.33 each. Celotex and Carey Canada appealed the Manning Judgment to the United States Court of Appeals for the Eleventh Circuit. To stay execution pending appeal, Celotex and Carey Canada, as principals, and National Union, as surety, issued a bond on January 5, 1990 in the amount of \$425,838.00 (the "Manning Bond"). As collateral for the issuance of the Manning Bond, on January 5, 1990, the Debtors transferred to National Union, for the indirect benefit of Manning, a security interest in the Debtors' cash previously transferred to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On May 10, 1991, Manning filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

100. Defendant Charles R. Moore ("Moore") was awarded a judgment (the "Moore Judgment") on August 21, 1989, in the United States District Court for the Northern District of Georgia, Atlanta Division, against Celotex, Carey Canada and one other defendant, in the amount of \$486,000.00, as compensatory damages for asbestos-related injuries. Celotex' and Carey Canada's shares were \$162,000.00 each. Celotex and Carey Canada appealed the Moore Judgment to the United States Court of Appeals for the Eleventh Circuit. To stay execution pending appeal, Celotex and Carey Canada, as principals, and National Union, as surety, issued a bond on January 5, 1990 in the amount of \$557,776.40 (the "Moore Bond"). As collateral for the issuance of the Moore Bond, on January 5, 1990, the Debtors transferred to National Union, for the indirect benefit of Moore, a security interest in the Debtors' cash previously transferred by Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On May 10, 1991, Moore filed with this Court a motion for relief from stay seeking the entry of an order allowing continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

101. Defendants George Scalone and Mary Ann Scalone (the "Scalones") were awarded a judgment (the "Scalone Judgment") on December 15, 1989, in the United States District Court, Southern District of New York, against Celotex and one other defendant, in the amount of \$512,000.00, as compensatory damages for asbestos-related injuries. Celotex' share of the judgment was \$256,000.00. Celotex appealed the Scalone Judgment to the United States Court of Appeals for the Second Circuit. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on January 5, 1990 in the amount of \$284,160.00 (the "Scalone Bond"). As collateral for the issuance of the Scalone Bond, on January 5, 1990, the Debtors transferred to National Union, for the indirect benefit of the Scalones, a security interest in the Debtors' cash previously transferred by Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein. The Judgment has been fully satisfied by the other defendant, and accordingly Celotex has no obligation to the Scalones.

102. Defendants Paul L. Siesko and Penelope M. Siesko (the "Sieskos") were awarded a judgment (the "Siesko Judgment"), on November 22, 1989, in the United States District Court, Middle District of Pennsylvania, in the amount of \$120,000.00 as compensatory damages for asbestos-related injuries. Setoffs due to prior payments by other defendants reduced the judgment against Celotex to \$50,000.00. Celotex appealed the Siesko Judgment to the United States Court of Appeals, Third Circuit. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on January 5, 1990 in the amount of \$50,000.00 (the "Siesko Bond"). Allstate acted as surety on the Siesko Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Siesko Bond, on January 5, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Sieskos, property of the Debtors having a value of \$50,000.00. The Debtors' property that was transferred was in

the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

103. Defendant Joanne Borman ("Borman"), Executrix of the Estate of Richard Borman, deceased, and in her own right, was awarded a judgment (the "Borman Judgment"), on August 30, 1989, in the United States District Court for the Eastern District of Pennsylvania, in the amount of \$59,191.00 as compensatory damages for asbestos-related injuries, and \$14,732.64 as delay damages (pre-judgment interest). Celotex appealed the Borman judgment to the United States Court of Appeals for the Third Circuit. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on January 4, 1990 in the amount of \$88,708.00 (the "Borman Bond"). Allstate acted as surety on the Borman Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Borman Bond, on January 4, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Bormans, property of the Debtors having a value of \$88,708.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On December 2, 1991, Borman filed with this Court a motion for relief from stay seeking the entry of an order allowing continuation of the appellate process. On January 31, 1992, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

104. Defendant Bertha Hoffman ("Hoffman"), Administratrix of the Estate of Morris Hoffman, deceased, and in her own right, was awarded a judgment (the "Hoffman Judgment"), on November 13, 1989, in the Court of Common Pleas, First Judicial District of Pennsylvania, Civil Trial Division, in the amount of \$55,000.00, as compensatory damages for asbestos-related injuries, as well as \$37,517.00 as delay damages (pre-judgment interest). Celotex appealed the Hoffman Judgment to the Pennsylvania Appellate Court. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on December 15, 1989 in the amount of \$111,020.40 (the "Hoffman Bond"). As collateral for the issuance of the Hoffman Bond, on December 15, 1989, the Debtors transferred to National Union, for the indirect benefit of Hoffman, a security interest in the Debtors' cash previously transferred by Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

105. Defendant Kathleen Novelli ("Novelli"), Executrix of the Estate of George Novelli, deceased, was awarded a judgment (the "Novelli Judgment") on September 26, 1989, in the Philadelphia County Court of Common Pleas, Civil Trial Division apportioned against Celotex, in the amount of \$82,500.00, as compensatory damages for asbestos-related injuries and \$56,609.00 as delay damages (pre-judgment interest). Celotex appealed the Novelli Judgment to the Pennsylvania Appellate Court. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on December 15, 1989 in the amount of \$166,930.80 (the "Novelli Bond"). As collateral for the issuance of the Novelli Bond, on December 15, 1990, the Debtors transferred to National Union, for the indirect benefit of Novelli, a security interest in the Debtors' cash previously transferred by Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

106. Defendant Marion George ("George") was awarded a judgment (the "George Judgment"), on October 19, 1989, in the United States District Court, Eastern District of New York, in the amount of \$588,000.00, as compensatory damages for asbestos-related injuries. Celotex appealed the George Judgment to the United States Court of Appeals, for the Second Circuit. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on December 13, 1989 in the amount of \$652,680.00 (the "George Bond"). Allstate acted as surety on the George Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the George Bond, on December 13, 1989, the Debtors transferred to Allstate, for the indirect benefit of George, property of the Debtors having a value of \$652,680.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

107. Defendants George R. Beecher and Beatrice L. Beecher (the "Beechers") were awarded a judgment (the "Beecher Judgment") on May 5, 1989, in the State of Michigan, Circuit Court for the County of Wayne, in the amount of \$203,698.29 (including pre-judgment interest of \$67,276.07), as compensatory damages for asbestos-related injuries. Celotex appealed the Beecher Judgment to the State of Michigan Court of Appeals. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on November 20, 1989 in the amount of \$255,000.00 (the "Beecher Bond"). As collateral for the issuance of the Beecher Bond, on November 20, 1989, the Debtors transferred to National Union, for the indirect benefit of the Beechers, a security interest in the Debtors' cash previously transferred to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On June 20, 1991, the Beechers filed with this Court a motion for relief from stay seeking the entry of an order allowing continuation of the appellate process. On July 24, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

108. Defendants Joseph E. Chislea and Nancy Chislea (the "Chisleas") were awarded a judgment (the "Chislea Judgment") on May 5, 1989, in the State of Michigan, Circuit Court for the County of Wayne, in the amount of \$196,855.00 (including pre-judgment interest of \$65,016.86), as compensatory damages for asbestos-related injuries. Celotex appealed the Chislea Judgment to the State of Michigan Court of Appeals. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on November 20, 1989 in the amount of \$246,000.00 (the "Chislea Bond"). As collateral for the issuance of the Chislea Bond, on November 20, 1989, the Debtors transferred to National Union, for the indirect benefit of the Chisleas, a security interest in the Debtors' cash previously transferred by Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On June 20, 1991, the Chisleas filed with this Court a motion for relief from stay seeking the entry of an order allowing continuation of the appellate process. On July 24, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

109. Defendants James E. Roberts and Patricia E. Roberts (the "Roberts") were awarded a judgment (the "Roberts Judgment") on May 5, 1989, in the State of Michigan, Circuit Court for the County of Wayne, in the amount of \$241,853.68 (including pre-judgment interest of \$78,818.51), as compensatory damages for asbestos-related injuries. Celotex appealed the Roberts Judgment to the State of Michigan Court of Appeals. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on November 20, 1989 in the amount of \$302,000.00 (the "Roberts Bond"). As collateral for the issuance of the Roberts Bond, on November 20, 1990, the Debtors transferred to National Union, for the indirect benefit of the Roberts, a security interest in the Debtors' cash previously transferred by Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On June 20, 1991, the Roberts filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 24, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

110. Defendant Jean Marie Schutte ("Schutte"), Personal Representative of the Estate of Edward R. Tarnosky, deceased, was awarded a judgment (the "Schutte Judgment") on August 14, 1989, in the State of Michigan, Circuit Court for the County of Wayne, in the amount of \$164,469.85 (including pre-judgment interest of \$56,817.85), as compensatory damages for asbestos-related injuries. Celotex appealed the Schutte Judgment to the State of Michigan Court of Appeals. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on November 20, 1989 in the amount of \$206,000.00 (the "Schutte Bond"). As collateral for the issuance of the Schutte Bond, on November 20, 1989, the Debtors

transferred to National Union, for the indirect benefit of Schutte, a security interest in the Debtors' cash previously transferred by Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On June 20, 1991, Schutte filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 23, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

111. Defendant Marie L. Vachon ("Vachon"), Personal Representative of the Estate of Emil J. Vachon, deceased, was awarded a judgment (the "Vachon Judgment") on May 5, 1989, in the State of Michigan, Circuit Court for the County of Wayne, in the amount of \$418,473.33 (including pre-judgment interest of \$136,378.93), as compensatory damages for asbestos-related injuries. Celotex appealed the Vachon Judgment to the State of Michigan Court of Appeals. To stay execution pending appeal, Celotex, as principal, and National Union, as surety, issued a bond on November 20, 1989 in the amount of \$523,000.00 (the "Vachon Bond"). As collateral for the issuance of the Vachon Bond, on November 20, 1989, the Debtors transferred to National Union, for the indirect benefit of Vachon, a security interest in the Debtors' cash previously transferred by Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein.

On June 20, 1991, the Vachons filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 24, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including

the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

112. Defendants Louis Colon and Jeanette Colon (the "Colons") were awarded a judgment (the "Colon Judgment") on April 14, 1989, in the Circuit Court of the Eleventh Judicial Circuit in and for Dade County, Florida, in the amount of \$429,700.00, as compensatory damages for asbestos-related injuries. Celotex appealed the Colon Judgment to the Florida Third District Court of Appeal. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on November 6, 1989 in the amount of \$532,828.00 (the "Colon Bond"). Home Indemnity acted as the surety on the Colon Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Colon Bond, on November 6, 1989, the Debtors transferred to Home, for the indirect benefit of the Colons, property of the Debtors having a value of \$532,828.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On March 21, 1991, the Colons filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On April 26, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates.

113. Defendant Frank Rummo ("Rummo") was awarded a judgment (the "Rummo Judgment") on October 25, 1989, in the United States District Court, Eastern District of New York, in the amount of \$650,000.00, as compensatory damages for asbestos-related injuries. Celotex appealed the Rummo Judgment

to the United States Court of Appeals for the Second Circuit. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on November 6, 1989 in the amount of \$721,500.00 (the "Rummo Bond"). Home Indemnity acted as surety on the Rummo Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Rummo Bond, on November 6, 1989, the Debtors transferred to Home, for the indirect benefit of Rummo, property of the Debtors having a value of \$721,500.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

114. Defendants Clyde A. Thompson and Aline Thompson (the "Thompsons") were awarded a judgment (the "Thompson Judgment") on April 14, 1989, in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, Florida, in the amount of \$97,500.00, as compensatory damages for asbestos-related injuries. Celotex appealed the Thompson Judgment to the Florida Fourth District Court of Appeal. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on November 6, 1989 in the amount of \$120,900.00 (the "Thompson Bond"). Home Indemnity acted as surety on the Thompson Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Thompson Bond, on November 6, 1989, the Debtors transferred to Home, for the indirect benefit of the Thompsons, property of the Debtors having a value of \$120,900.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On March 21, 1991, the Thompsons filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On April 26, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

115. Defendant Clifford Chamlee ("Chamlee") was awarded a judgment (the "Chamlee Judgment") on September 15, 1989, in the United States District Court for the Western District of Texas, Midland-Odessa Division in the amount of \$50,000.00, as punitive damages for asbestos-related injuries. Celotex appealed the Chamlee Judgment to the United States Court of Appeals for the Fifth Circuit. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on October 23, 1989 in the amount of \$65,000.00 (the "Chamlee Bond"). Home Indemnity acted as surety on the Chamlee Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Chamlee Bond, on October 23, 1989, the Debtors transferred to Home, for the indirect benefit of Chamlee, property of the Debtors having a value of \$65,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On May 10, 1991, Chamlee filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 17, 1991, this Court entered its Order Denying Motion for Relief From Stay. The appellate process has not been concluded.

116. Defendant Angelina O'Brien ("O'Brien"), individually and as Administratrix of the Estate of Richard O'Brien, deceased, was awarded a judgment (the "O'Brien Judgment") on August 18, 1989, in the United States District Court, Southern District of New York, in the amount of \$213,861.00, as compensatory damages for asbestos-related injuries. Celotex appealed the O'Brien Judgment to the United States Court of Appeals for the Second Circuit. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on October 20, 1989 in the amount of \$238,386.00 (the "O'Brien Bond"). Home Indemnity acted as surety on the O'Brien Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the O'Brien Bond, on October 20, 1989, the Debtors transferred to Home, for the indirect benefit of O'Brien, property of the Debtors having a value of \$238,386.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On October 22, 1990, O'Brien filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On January 16, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

117. Defendant Shirley Tate ("Tate"), Individually, as Executrix of the Estate of James Fisk Tate, as next friend of Jonathan Tate, a minor, and on behalf of James Fisk Tate, Jr. and Vicki Tate Gibson, was awarded a judgment (the "Tate Judgment"), on May 30, 1989, in the District Court of Nueces County, Texas, 94th Judicial District against Celotex and one

other defendant in the amount of \$1,084,060.43 (including pre-judgment interest of \$156,727.12), as compensatory damages and \$1,000,000.00 as punitive damages for asbestos-related injuries. Celotex' share of the compensatory award was \$542,030.23. Celotex appealed the Tate Judgment to the Court of Civil Appeals, 13th Supreme Judicial District of Texas, at Corpus Christi, Texas. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on October 19, 1989 in the amount of \$2,415,000.00 (the "Tate Bond"). Home Indemnity acted as surety on the Tate Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Tate Bond, on October 19, 1989, the Debtors transferred to Home, for the indirect benefit of Tate, property of the Debtors having a value of \$2,415,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

Bonded Claimants Receiving Transfers Outside One Year of Petition Date

118. The defendants named below in paragraphs 119 through 143 were the beneficiaries of transfers of the Debtors' property through issuance of Bonds outside one year of the Petition Date.

119. Defendant Paul Balbos ("Balbos"), Personal Representative for the Estate of Leslie Balbos, deceased, was awarded a judgment (the "Balbos Judgment"), on April 26, 1989, in the Circuit Court for Baltimore City, Maryland against Celotex and four other defendants in the amount of \$2,000,000.00, as compensatory damages for asbestos-related injuries. Celotex appealed the Balbos Judgment to the Court of Special Appeals of Maryland. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on October 3, 1989 in the amount of \$2,300,000.00 (the "Balbos

Bond"). Home Indemnity acted as surety on the Balbos Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Balbos Bond, on October 3, 1989, the Debtors transferred to Home, for the indirect benefit of Balbos, property of the Debtors having a value of \$2,300,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On September 5, 1991, Balbos filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On November 1, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The Balbos Judgment has been satisfied and, accordingly, Celotex has no obligation to Balbos.

On information and belief, on or about May 26, 1992, Intervenor Defendant Porter Hayden Company ("Porter Hayden") paid its obligation on the Balbos Judgment. Since Porter Hayden was primarily liable on the Balbos Judgment it is not entitled to subrogation against Celotex and recognition of subrogation in favor of Porter Hayden would work on injustice to the rights of others.

120. Defendant Lucille Killian ("Killian"), Personal Representative for the Estate of Sutton Knuckles, deceased, was awarded a judgment (the "Killian Judgment") on April 26, 1989, in the Circuit Court for Baltimore City, Maryland against Celotex and 11 other defendants in the amount of \$1,800,000.00, as compensatory damages for asbestos-related injuries. Celotex' portion of the judgment was \$150,000.00. Celotex appealed the Killian Judgment to the Court of Special Appeals of Maryland.

To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on October 3, 1989 in the amount of \$2,000,000.00 (the "Killian Bond"). Home Indemnity acted as surety on the Killian Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Killian Bond, on October 3, 1989, the Debtors transferred to Home, for the indirect benefit of Killian, property of the Debtors having a value of \$2,000,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On September 5, 1991, Killian filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On November 1, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

121. Defendant Beth Israel ("Beth Israel") was awarded a judgment (the "Beth Israel Judgment") on August 21, 1989, in the Civil District Court for the Parish of Orleans, State of Louisiana in the amount of \$206,476.00 as compensatory damages (not asbestos-related). Celotex appealed the Beth Israel Judgment to the Louisiana Appellate Court. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on September 21, 1989 in the amount of \$643,399.86 (the "Beth Israel Bond"). Home Indemnity acted as surety on the Beth Israel Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Beth Israel Bond, on September 21, 1989, the Debtors transferred to Home,

for the indirect benefit of Beth Israel, property of the Debtors having a value of \$643,399.86. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

On October 23, 1990, Beth Israel filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On November 30, 1990, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the Judgment affirmed.

122. Defendant Charles Hagen ("Hagen") was awarded a judgment (the "Hagen Judgment") on June 12, 1989, in the Circuit Court of the City of St. Louis, State of Missouri against Celotex and two other defendants in the amount of \$1,780,000.00, as compensatory damages for asbestos-related injuries. Celotex appealed the Hagen Judgment to the Missouri Court of Appeals, Eastern District. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on September 21, 1989 in the amount of \$2,200,000.00 (the "Hagen Bond"). Home Indemnity acted as surety on the Hagen Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Hagen Bond, on September 21, 1989, the Debtors transferred to Home, for the indirect benefit of Hagen, property of the Debtors having a value of \$2,200,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein. While this case has been stayed as to Celotex, the co-defendants have

been successful in their appeal on grounds that will be applicable to Celotex as well.

The Hagen Judgment was appealed by two of Celotex' co-defendants, Fibreboard Corporation ("Fibreboard") and Owens-Illinois, Inc. ("OI"). The Supreme Court of Missouri ultimately affirmed the reversal of the judgment against OI entered by the Court of Appeals, Eastern District of Missouri, and remanded with directions to enter judgment in favor OI. It also affirmed the Court of Appeals' reversal as to Fibreboard and remanded for a new trial. The decision to reverse as to OI and to reverse and remand as to Fibreboard was based on the same facts and legal arguments presented to the trial court with respect to Celotex. Thus, on July 14, 1992, Celotex filed a Motion For Order Modifying Stay As To Charles Hagen To Allow The Celotex Corporation To Pursue Appeal And Obtain Release Of Supersedeas Bond. The Motion was granted and the request to release the Hagen Bond is pending.

123. Defendant Sylvia Keller ("Keller"), Administratrix of the Estate of Martin Keller, deceased, was awarded a judgment (the "Keller Judgment") on June 5, 1989, in the Court of Common Pleas, County of Philadelphia, Civil Trial Division in the amount of \$58,480.33, as compensatory damages for asbestos-related injuries and \$38,211.04 as delay damages (pre-judgment interest). Celotex paid the compensatory judgment in June 1989 and appealed the delay damages portion of the Keller Judgment to the Supreme Court of Pennsylvania. To stay execution pending appeal, Celotex, as principal, and Home Indemnity, as surety, issued a bond on September 21, 1989 in the amount of \$45,853.25 (the "Keller Bond"). Home Indemnity acted as surety on the Keller Bond pursuant to the Home Agreement between the Debtors and Home more specifically described in paragraphs 173-174 herein. As collateral for the issuance of the Keller Bond, on September 21, 1989, the Debtors transferred to Home, for the indirect benefit of Keller, property of the Debtors having a value of \$45,853.25. The Debtors' property that was

transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Home Agreement more specifically described in paragraphs 173-174 herein.

124. Defendant Mary Elizabeth Syverson ("Syverson"), as Personal Representative of the Estate of Arthur Syverson, deceased, was awarded a judgment (the "Syverson Judgment"), on or about June 26, 1989, in the United States District Court, Western District of Washington at Tacoma against Celotex and Intervenor Defendant Fibreboard Corporation ("Fibreboard") in the amount of \$91,571.93 as compensatory damages for asbestos-related injuries. Celotex' share of the Syverson Judgment was \$45,785.97. Celotex appealed the Syverson Judgment to the United States Court of Appeals for the Ninth Circuit. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on September 9, 1989 in the amount of \$125,000.00 (the "Syverson Bond"). Allstate acted as surety on the Syverson Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Syverson Bond, on September 9, 1989, the Debtors transferred to Allstate, for the indirect benefit of Syverson, property of the Debtors having a value of \$125,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein. The claim of Syverson against Celotex has been satisfied and, accordingly, Celotex has no obligation to Syverson.

On information and belief, on or about August 18, 1991, Syverson executed an instrument entitled Assignment of Judgment purporting to sell, assign and transfer the Syverson Judgment to Intervenor Defendant Fibreboard in exchange for a payment by Fibreboard of its obligation on the Syverson Judgment. Since Fibreboard was primarily liable on the Syverson Judgment

it is not entitled to subrogation against Celotex and recognition of subrogation in favor of Fibreboard would work an injustice to the rights of others.

125. Defendants Steven Pelletier and Edith Pelletier (the "Pelletiers") were awarded a judgment (the "Pelletier Judgment"), on May 8, 1989, in the United States District Court, Southern District of Ohio, Western Division in the amount of \$45,000, as compensatory damages against Carey Canada for asbestos-related injuries. Carey Canada appealed the Pelletier Judgment to the United States Court of Appeals for the Sixth Circuit. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued the bond on September 5, 1989 in the amount of \$59,895.00 (the "Pelletier Bond"). Allstate acted as surety on the Pelletier Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Pelletier Bond, on September 5, 1989, the Debtors transferred to Allstate, for the indirect benefit of the Pelletiers, property of the Debtors having a value of \$59,895.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

126. Defendant Mark T. Hynes ("Hynes") was awarded a judgment (the "Hynes Judgment"), on August 1, 1989, in the District Court, County of Boulder, Colorado in the amount of \$340,257.24 (including costs of \$21,608.54) as compensatory damages for asbestos-related injuries. Celotex appealed the Hynes Judgment to the Colorado Court of Appeals. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on August 23, 1989 in the amount of \$652,678.23 (the "Hynes Bond"). Allstate acted as surety on the Hynes Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Hynes Bond,

on August 23, 1989, the Debtors transferred to Allstate, for the indirect benefit of Hynes, property of the Debtors having a value of \$652,678.23. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On June 25, 1991, Hynes filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 23, 1991, this Court entered its Order Regarding Relief From Stay modifying the \$362 Stay and the \$105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

127. Defendants James M. Dartez, John David Burke, William B. Hardy, Cecil A. Overstreet, and Richard C. Smith (the "Dartez Group") were awarded a judgment (the "Dartez Judgment") on July 24, 1989, in the United States District Court for the Eastern Division of Texas, Beaumont Division against Celotex and a number of other defendants. Celotex' share of this Judgment was \$680,966.64 (including \$118,184.29 pre-judgment interest) as compensatory damages for asbestos-related injuries. Celotex appealed the Dartez Judgment to the United States Court of Appeals for the Fifth Circuit. To stay execution pending appeal, Celotex, as principal and Allstate, as surety, issued a bond on August 16, 1989 in the amount of \$680,966.64 (the "Dartez Group Bond"). Allstate acted as surety on the Dartez Group Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Dartez Group Bond, on August 16, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Dartez Group, property of the Debtors having a value of \$680,966.64. The Debtors' property that was transferred was in the form of an assignment

of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein. The Dartez Judgment has been vacated and the Dartez Group of cases has been remanded to the trial court for a new trial.

128. Defendant Margaret D. Adams ("Adams"), Personal Representative of the Estate of William J. Adams, deceased, was awarded a judgment (the "Adams Judgment"), on July 5, 1989, the State of Michigan, in the Circuit Court for the County of Wayne in the amount of \$1,109,407.55 (including pre-judgment interest of \$357,571.55) as compensatory damages for asbestos-related injuries. Celotex appealed the Adams Judgment to the Michigan Court of Appeals. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on July 26, 1989 in the amount of \$1,387,000.00 (the "Adams Bond"). Allstate acted as surety on Adams Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Adams Bond, on July 26, 1989, the Debtors transferred to Allstate, for the indirect benefit of Adams, property of the Debtors having a value of \$1,387,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On June 20, 1991, Adams filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 24, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

129. Defendant Matthew J. Bordeaux ("Bordeaux"), Personal Representative of the Estate of James J. Bordeaux, deceased, was awarded a judgment (the "Bordeaux Judgment"), on July 5, 1989, in the State of Michigan, Circuit Court for the County of Wayne in the amount of \$263,089.35 (including pre-judgment interest of \$81,151.35) as compensatory damages for asbestos-related injuries. Celotex appealed the Bordeaux Judgment to the Michigan Court of Appeals. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on July 26, 1989 in the amount of \$329,000.00 (the "Bordeaux Bond"). Allstate acted as surety on the Bordeaux Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Bordeaux Bond, on July 26, 1989, the Debtors transferred to Allstate, for the indirect benefit of Bordeaux, property of the Debtors having a value of \$329,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On June 20, 1991, Bordeaux filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 24, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

130. Defendants James J. Conley and Maxine D. Conley (the "Conleys") were awarded a judgment (the "Conley Judgment"), on July 5, 1989, in the State of Michigan, Circuit Court for the County of Wayne in the amount of \$1,260,816.13 (including pre-judgment interest of \$406,371.91) as compensatory damages for asbestos-related injuries. Celotex appealed the

Conley Judgment to the Michigan Court of Appeals. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued the bond on July 26, 1989 in the amount of \$1,576,000.00 (the "Conley Bond"). Allstate acted as surety on the Conley Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Bowers Bond, on October 4, 1990, the Debtors transferred to Allstate, for the indirect benefit of the Conleys, property of the Debtors having a value of \$1,576,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On June 20, 1991, the Conleys filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 24, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has not been concluded.

131. Defendant Danny Wilburn Berlin ("Berlin") was awarded a judgment (the "Berlin Judgment"), on March 9, 1989, in the United States District Court for the Middle District of Tennessee, Nashville Division in the amount of \$1,894,432.82 as compensatory damages for asbestos-related injuries. Celotex appealed the Berlin Judgment to the United States Court of Appeals for the Sixth Circuit. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on July 17, 1989 in the amount of \$2,235,430.00 (the "Berlin Bond"). Allstate acted as surety on the Berlin Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Berlin Bond, on July 17, 1989,

the Debtors transferred to Allstate, for the indirect benefit of Berlin, property of the Debtors having a value of \$2,235,430.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On January 14, 1991, Berlin filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On February 20, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

132. Defendants Billy McCleary and Nancy McCleary (the "McClearys") were awarded a judgment (the "McCleary Judgment") on June 16, 1989, in the United States District Court for the Western District of Texas, San Antonio Division in the amount of \$149,870.62, as compensatory damages and \$200,000.00 as punitive damages for asbestos-related injuries. Celotex appealed the McCleary Judgment to the United States Court of Appeals for the Fifth Circuit. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on July 12, 1989 in the amount of \$399,095.98 (the "McCleary Bond"). Allstate acted as surety on the McCleary Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the McCleary Bond, on July 12, 1989, the Debtors transferred to Allstate, for the indirect benefit of the McClearys, property of the Debtors having a value of \$399,095.98. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On May 10, 1991, the McClearys filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On July 17, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

133. Defendant Arthur J. Nelson ("Nelson") was awarded a judgment (the "Nelson Judgment") on March 14, 1989, in the United States District Court for the Western District of Washington at Tacoma against Celotex and Fibreboard in the amount of \$290,250.00 as compensatory damages for asbestos-related injuries. Celotex appealed the Nelson Judgment to the United States Court of appeals for the Ninth Circuit. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on June 27, 1989 in the amount of \$350,000.00 (the "Nelson Bond"). Allstate acted as surety on the Nelson Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Nelson Bond, on June 27, 1989, the Debtors transferred to Allstate, for the indirect benefit of Nelson, property of the Debtors having a value of \$350,000.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein. The claim of Nelson against Celotex has been satisfied and, accordingly, Celotex has no obligation to Nelson.

On information and belief, on or about November 16, 1990, Nelson executed an instrument entitled Assignment of Judgment purporting to sell, assign and transfer the Nelson Judgment to Intervenor Defendant Fibreboard in exchange for a

payment by Fibreboard of its obligation on the Nelson Judgment. Since Fibreboard was primarily liable on the Nelson Judgment it is not entitled to subrogation against Celotex and recognition of subrogation in favor of Fibreboard would work an injustice to the rights of others.

134. Defendant William Van Hout ("Van Hout") was awarded a judgment (the "Van Hout Judgment") on May 1, 1989, in the Superior Court of Washington for King County in the amount of \$428,438.56 (including costs of \$259.56) as compensatory damages for asbestos-related injuries. Celotex appealed the Van Hout Judgment to the Court of Appeals of the State of Washington. To stay execution pending appeal, Celotex, as principal, and Allstate, as surety, issued a bond on June 27, 1989 in the amount of \$595,168.00 (the "Van Hout Bond"). Allstate acted as surety on the Van Hout Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Van Hout Bond, on June 27, 1989, the Debtors transferred to Allstate, for the indirect benefit of Van Hout, property of the Debtors having a value of \$595,168.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On December 20, 1990, Van Hout filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On February 1, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. Celotex was successful in its appeal; however, Van Hout's petition for review to the Washington State Supreme Court is still pending.

135. Defendant Bennie Edwards ("Edwards") was awarded a judgment (the "Edwards Judgment"), on April 17, 1989, in the United States District Court for the Northern District of Texas, Wichita Falls Division in the amount of \$35,253.80 as compensatory damages and \$245,500.00 as punitive damages for asbestos-related injuries. Celotex appealed the Edwards Judgment to the United States Court of Appeals for the Fifth Circuit. To stay execution pending appeal, Celotex, as principal, and Northbrook, as surety, issued a bond on May 17, 1989 in the amount of \$294,987.88 (the "Edwards Bond"). Northbrook acted as surety on the Edwards Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Edwards Bond, on May 17, 1989, the Debtors transferred to Northbrook, for the indirect benefit of Edwards, property of the Debtors having a value of \$294,987.88. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

136. Defendants Lloyd D. King and Louan M. King, A.B. Willis and Molly Willis, Cletus Gresham and Gertrude Gresham, Larry Jones and Bess Jones, Johnny Fowler and Anna Fowler and Mary Marble, individually and for the Estate of Albert L. Marble, deceased, Julie Marble Toland, Sheri Marble Nanny, Tina Marble, Bill Marble and Gertrude Westbrook (the "King Group"), were awarded a judgment (the "King Judgment") on April 3, 1989, in the United States District Court, Eastern District of Texas, Marshall Division in the total amount of \$1,043,625.00 as compensatory damages and \$1,550,000.00 as punitive damages for asbestos-related injuries. Individual awards were as follows: Lloyd King, \$55,000.00 compensatory damages and \$125,000.00 punitive damages; Louan King, \$55,000.00 compensatory damages and \$125,000.00 punitive damages; Willis, \$68,750.00 compensatory damages and \$125,000.00 punitive damages; Gresham, \$178,750.00 compensatory damages and \$350,000.00

punitive damages; Jones, \$82,500.00 compensatory damages and \$200,000.00 punitive damages; Fowler, \$68,750.00 compensatory damages and \$125,000.00 punitive damages; and Marble, et al., \$534,875.00 compensatory damages and \$500,000.00 punitive damages. Celotex appealed the King Judgment to the United States Court of Appeals for the Fifth Circuit. To stay execution pending appeal, Celotex, as principal, and Northbrook, as surety, issued a bond on May 17, 1989 in the amount of \$2,963,605.61 (the "King Group Bond"). Northbrook acted as surety on the King Group Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the King Group Bond, on May 17, 1989, the Debtors transferred to Northbrook, for the indirect benefit of the King Group, property of the Debtors having a value of \$2,963,605.61. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On November 14, 1990, the King Group filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On January 10, 1991, this Court entered its Order Regarding Relief From Stay there modifying the \$362 Stay and the \$105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

137. Defendant Francis R. McMahon ("McMahon") was awarded a judgment (the "McMahon Judgment") on April 6, 1989, in the United States District Court for the District of Wyoming in the amount of \$113,500.00 as compensatory damages for asbestos-related injuries. Celotex appealed the McMahon Judgment to the United States Court of Appeals for the Tenth

Circuit. To stay execution pending appeal, Celotex, as principal, and Northbrook, as surety, issued a bond on May 5, 1989 in the amount of \$113,500.00 (the "McMahon Bond"). Northbrook acted as surety on the McMahon Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the McMahon Bond, on May 5, 1989, the Debtors transferred to Northbrook, for the indirect benefit of McMahon, property of the Debtors having a value of \$113,500.00. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

On August 6, 1991, McMahon filed with this Court a motion for relief from stay seeking the entry of an order allowing the continuation of the appellate process. On October 4, 1991, this Court entered its Order Regarding Relief From Stay modifying the §362 Stay and the §105 Injunction for the limited purpose of allowing the appeal to proceed to conclusion, including the issuance of appellate decisions and all necessary mandates. The appellate process has been concluded and the judgment affirmed.

138. Defendants George Brown, A. L. Cook and Joann Cook, Walker Peterson and Eloise Peterson, and Oscar Thomley and Verlene Thomley (the "Brown Group") were awarded a judgment (the "Brown Judgment") on February 22, 1990, in the United States District Court for the Southern District of Alabama, Southern Division in the total amount of \$332,100.00 as compensatory damages for asbestos-related injuries. Celotex appealed the Brown Judgment to the United States Court of Appeals for the Ninth circuit. To stay execution pending appeal, Celotex, as principal and National Union, as surety, issued a bond on March 13, 1989 in the amount of \$332,100.00 (the "Brown Group Bond"). As collateral for the issuance of the Brown Group Bond, on March 13, 1989, the Debtors transferred to

National Union, for the indirect benefit of the Brown Group, a security interest in the Debtors' cash previously transferred by the Debtors to the AIG Liquid Assets Pool Account more specifically described in paragraph 175 herein. In June, 1990 Celotex made payment to the Brown Group in full satisfaction of the Brown Judgment.

139. Defendants Daniel Willis and Carolyn Willis, Elwood Hamlet and Lois Hamlet, Vincent Lewis and Ruby Lewis, and Herman Mensing, Jr. and Frances Mensing (the "Willis Group") were awarded a judgment (the "Willis Judgment") on February 1, 1989, in the United States District Court for the Eastern District of Virginia, Norfolk Division, against Celotex and one other defendant in the total amount of \$526,500.00 as compensatory damages for asbestos-related injuries. Individual awards were as follows: Willis, \$46,000.00; Hamlet, \$143,500.00; Lewis, \$96,000.00; and Mensing, \$241,000.00. Celotex appealed the Willis Judgment to the United States Court of Appeals for the Fourth Circuit. To stay execution pending appeal, Celotex, as principal, and Aetna, as surety, issued a bond on March 13, 1989 in the amount of \$600,000.00 (the "Willis Group Bond"). As collateral for the issuance of the Willis Group Bond, on March 13, 1989, the Debtors transferred to Aetna, for the indirect benefit of the Willis Group, a letter of credit secured by a certificate of deposit. The letter of credit and certificate of deposit are more specifically described in paragraph 176 herein.

140. Defendant Robert Cantrell ("Cantrell") was awarded a judgment (the "Cantrell Judgment") on February 9, 1989, in the United States District Court, Southern District of Ohio, Western Division, against Celotex and Carey Canada in the amount of \$950,500.00 as compensatory damages (and \$500,000.00 as punitive damages against Celotex) for asbestos-related injuries. Celotex and Carey Canada appealed the Cantrell Judgment to the United States Court of Appeals for the Sixth Circuit. To stay execution pending appeal, Celotex and Carey Canada, as principals, and Northbrook, as surety, issued a bond on May 3,

1989 in the amount of \$1,498,047.45 (the "Cantrell Bond"). Northbrook acted as surety on the Cantrell Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Cantrell Bond, on May 3, 1989, the Debtors transferred to Northbrook, for the indirect benefit of Cantrell, property of the Debtors having a value of \$1,498,047.45. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

141. Defendant Manuel Lucero ("Lucero") was awarded a judgment (the "Lucero Judgment") on January 20, 1989, in the United States District Court for the District of New Mexico against Celotex and one other defendant in the amount of \$150,000.00 as compensatory damages (and \$35,000.00 as punitive damages against Celotex) for asbestos-related injuries. Celotex' share of the compensatory award was \$105,000.00. Celotex appealed the judgment to the United States Court of Appeals for the Tenth Circuit. To stay execution pending appeal, Celotex, as principal, and Aetna, as surety, issued a bond on March 3, 1989 in the amount of \$217,000.00 (the "Lucero Bond"). As collateral for the issuance of the Lucero Bond, on March 3, 1989, the Debtors transferred to Aetna, for the indirect benefit of Lucero, a letter of credit secured by a certificate of deposit. The letter of credit and certificate of deposit are more specifically described in paragraph 176 herein.

142. Defendants Charles E. Marple and Angelina Marple (the "Marples") were awarded a judgment (the "Marple Judgment") on February 9, 1989, in the United States District Court, Southern District of Ohio, Western Division against Celotex and Carey Canada in the amount of \$982,000.00 as compensatory damages (and \$500,000.00 as punitive damages against Celotex) for asbestos-related injuries. Celotex and Carey Canada appealed the Marple Judgment to the United States

Court of Appeals for the Sixth Circuit. To stay execution pending appeal, Celotex, as principal, and Northbrook, as surety, issued a bond on May 3, 1989 in the amount of \$1,521,384.57 (the "Marple Bond"). Northbrook acted as surety on the Marple Bond pursuant to the Northbrook Agreement between the Debtors and Northbrook more specifically described in paragraphs 168-170 herein. As collateral for the issuance of the Marple Bond, on May 3, 1989, the Debtors transferred to Northbrook, for the indirect benefit of Marple, property of the Debtors having a value of \$1,521,384.57. The Debtors' property that was transferred was in the form of an assignment of certain future insurance proceeds to be paid to the Debtors under the terms of the Northbrook Agreement more specifically described in paragraphs 168-170 herein.

143. Defendants Eddie Rainwater and Gloria Rainwater (the "Rainwaters") were awarded a judgment (the "Rainwater Judgment") on January 17, 1989, in the Superior Court of Washington for King County against Celotex and four other defendants in the total amount of \$1,752,246.63 (including \$496.63 in costs) as compensatory damages for asbestos-related injuries. Celotex' portion of the judgment was \$350,449.33. Celotex appealed the Rainwater Judgment to the Court of Appeals for the State of Washington. To stay execution pending appeal, Celotex, as principal, and Aetna, as surety, issued a bond on March 3, 1989 in the amount of \$438,061.66 (the "Rainwater Bond"). As collateral for the issuance of the Rainwater Bond, on March 3, 1989, the Debtors transferred to Aetna, for the indirect benefit of the Rainwaters, a letter of credit secured by a certificate of deposit. The letter of credit and certificate of deposit are more specifically described in paragraph 176 herein.

The Rainwater Judgment was appealed by one of Celotex' co-defendants, Fibreboard Corporation ("Fibreboard"). On December 17, 1990, the Court of Appeals of the State of Washington reversed the judgment with respect to Fibreboard, and remanded the case for a new trial based on the trial court's

refusal to instruct the jury on the applicable statutes of limitation. The ground upon which the Court of Appeals reversed the judgment as to Fibreboard is applicable to Celotex. Thus, on July 14, 1992, Celotex filed a Motion For Order Modifying Stay As To Rainwaters To Pursue Appeal And Obtain Release Of Supersedeas Bond.

ALLEGATIONS COMMON TO ALL COUNTS

144. Celotex is a manufacturer of building products, including roofing materials, wallboard and certain forms of insulation. Celotex expanded its roofing materials business in 1972 by acquiring the assets of the Panacon Corporation ("Panacon") for a total purchase price of approximately \$72.5 million.

145. Panacon was the successor in interest to the Phillip Carey Manufacturing Company who was also the parent of Carey Canada. Some of the products manufactured by Phillip Carey contained asbestos. Carey Canada mined and milled raw chrysotile asbestos fibers from 1958 until 1986. Panacon and Celotex continued the limited production and distribution of a few asbestos-containing products originally manufactured by Phillip Carey. In addition, Celotex manufactured a few asbestos-containing building products prior to its acquisition of Panacon.

146. Celotex no longer manufactures any asbestos-containing products. Its predecessors' principal asbestos-containing insulation product became asbestos-free nearly twenty-three years ago. Warning labels were placed on asbestos-containing products by Celotex twenty years ago. Celotex ceased production of its last asbestos-containing products, fully encapsulated roofing materials, in 1984 and has neither made nor sold asbestos-containing products since that time.

147. Asbestos has been the subject of state and federal regulation for many years. In 1975, the federal government announced a partial ban on asbestos and in 1990 the Environmental Protection Agency promulgated a total ban on the use of asbestos in certain products.

148. At all times, Celotex acted in conformance with existing knowledge. The products sold by Celotex were in compliance with threshold limit values for exposure to asbestos set by the American Conference of Governmental and Industrial Hygienists.

149. The phenomenon of asbestos-related injury litigation began its growth in the mid 1970s. As a result of its acquisition of Panacon, Celotex was confronted with massive tort litigation of unprecedented proportion for the products which had been manufactured and sold by Panacon and its predecessors prior to their acquisition by Celotex. Carey Canada likewise was required to defend cases involving asbestos related claims.

150. In the early stages of asbestos-related litigation, a typical plaintiff had direct, daily exposure to a product containing asbestos. These plaintiffs worked in plants which manufactured such products or worked as installers of the finished products at jobsites. However, as the litigation grew, plaintiffs included individuals whose proximity and exposure to asbestos containing materials was secondary, including plumbers, electricians, carpenters and others in the construction trades. As the landslide of litigation continued, plaintiffs included individuals who claims to have suffered asbestos-related injuries by working in a building where the finished product had been installed years before as well as individuals whose only exposure to the product was washing a worker's clothing.

151. Numerous issues arose as the number of cases substantially increased. Multiple defendants were usually named in each suit, including miners, millers, processors, producers, sellers, distributors and contractors. Many defendants were dismissed at the motion stages of a proceeding when the plaintiff could not show any actual exposure to that particular defendant's products. However, many defendants were willing to settle lawsuits for nominal amounts which encouraged other plaintiffs to assert a barrage of claims.

152. Virtually all of the asbestos-related bodily injury actions filed against the Debtors involved the same allegations and arose from the same course of conduct, i.e., the manufacture and sale of asbestos-containing materials by Celotex and/or its predecessors. Many of the trials included the same witnesses and the same deposition testimony on liability issues. The same law firms represented substantial numbers of the plaintiffs. The claims ordinarily alleged that the products were defective and unreasonably dangerous because the Debtors failed to warn the plaintiffs of the potential dangers of prolonged exposure to asbestos. The plaintiffs typically alleged that, as a result of exposure to asbestos products manufactured and distributed by the Debtors, they developed diseases such as asbestosis, mesothelioma, lung cancer, other cancers, and pleural changes. The plaintiffs' punitive damages cases primarily centered on the knowledge of asbestos hazards allegedly held by or available to Celotex' predecessors during the period prior to Celotex' 1972 acquisition of Panacon.

153. In cases that were not settled, the Debtors denied the core allegations of the typical claim and defended against the punitive damage claims based on federal and state constitutional law, state statutory or common law, and on public policy grounds. The Debtors argued that they should not be assessed punitive damages for the action of a predecessor company over which they had no control. The Debtors also argued that repeated punitive damage awards in asbestos litigation did not serve the rationale of punishment or deterrence, defeated the purpose of punitive damages, threatened the ability of future claimants to receive compensatory damages for their actual injuries and were therefore against public policy and the public interest. The Debtors argued further that fundamental fairness and due process limit the number of times a defendant may be required to pay punitive damages for the same conduct. Additionally, the Debtors asserted that due process was violated where there were no objective limits on the jury's discretion in awarding punitive damages and no objective and meaningful

standards of review to consider the excessiveness of such awards. Finally, the Debtors argued that the awards were excessive and per se unreasonable in violation of applicable federal and state constitutions.

154. By 1980, the number of asbestos related cases against the Debtors totalled approximately 5,000. For the next three years, however, the number of pending actions against the Debtors increased by approximately 5,000 a year. In 1985 and 1986, the number of pending actions increased by approximately 10,000 a year. During the subsequent four years, the number increased by approximately 25,000 claims a year. By the Petition Date, approximately 100,000 claims were pending against Celotex and over 39,000 claims were pending against Carey Canada in various state and federal courts. The vast majority of these cases include claims for punitive damages.

155. Prior to the inception of the Asbestos Claims Facility (the "ACF") in late 1985, the Debtors or their primary insurance carriers managed the asbestos bodily injury litigation. The ACF was formed in the Fall of 1985 as part of an agreement commonly known as the Wellington Agreement. The Wellington Agreement was an effort, in part, by a group of approximately 30 companies named as defendants in asbestos litigation, as well as many of their insurance companies, to establish a comprehensive mechanism to reduce the vast costs associated with defending the voluminous asbestos-related disease claims. The Debtors were members of the ACF from its inception. The ACF managed cases on behalf of its members, including the Debtors, from the Fall of 1985 until September 1, 1988. The ACF was not successful in achieving its objectives and was dissolved. Subsequent to September 1, 1988 and through and until the Petition Date, Celotex and Carey Canada resumed management of the asbestos-related bodily injury claims against them.

156. The Debtors funded the settlement and defense costs associated with the asbestos related litigation primarily from

available insurance proceeds. However, the insurance companies nearly always disputed coverage. The Debtors' inability to continue to resolve disputes and obtain insurance proceeds at a sufficient rate to fund the enormous costs associated with the massive asbestos related litigation forced Celotex and Carey Canada to seek this Court's protection.

157. As of the Petition Date, the Debtors and their insurance carriers paid approximately \$360,000,000.00 to settle asbestos-bodily injury claims and incurred defense costs through October 12, 1990 of approximately \$195,000,000.00. Thus, the Debtors and their insurance carriers have spent over a half billion dollars to address asbestos related claims over the past two decades. In addition, by the Petition Date, approximately 500 cases had proceeded to a plaintiff's verdict but had not yet been resolved. These verdicts totalled approximately \$96,000,000.00.

158. While awards of punitive damages were rare early in the litigation, they increased substantially immediately prior to the Petition Date. Of the almost 50,000 claims disposed of prior to the Debtors' Chapter 11 petitions, only nine, or less than one in 5,000, included a payment of punitive damages, although asbestos related litigation had been underway for more than 15 years.

159. The entry of an award of punitive damages was a fortuity and a windfall for those few plaintiffs receiving them. As of the Petition Date, punitive damage awards were pending against the Debtors in favor of 96 plaintiffs totally approximately \$30,000,000.00. The current punitive damage award portion of claims by Bonded Claimants totals \$13,052,406.67 against Celotex and \$89,000.00 against Carey Canada.

160. From state to state, the range of trial mechanisms ran from the traditional single plaintiff case tried on all issues to a single jury, to mass consolidations of 300 to 3,000 plaintiffs' cases bifurcated or trifurcated with issues of liability and punitive

damages being tried to single or multiple juries followed by subsequent group trials of eight to twelve individual plaintiffs to determine damage awards.

161. In West Virginia and Texas, the two jurisdictions which implemented mass consolidation procedures, the trial courts authorized imposition of punitive liabilities against the Debtors on an assembly line basis, as a "multiplier" of compensatory damage awards which had not yet been assessed. For example, in *Cimino v. Raymark Industries, Inc.*, 751 F.Supp. 649 (E.D. Tex. 1990), the court assessed a multiplier which would render the punitive award equal to 200% of Celotex' share of the compensatory award. Further, in a group of West Virginia cases, the amount of punitive damages awarded against Celotex equaled 300% of the amount of compensatory damages awarded, while against Carey Canada, it equaled only 13.5% of the amount of the compensatory damages awarded, even though the evidence against both companies was substantially identical. The filing of the bankruptcy petitions prevented completion of these cases against the Debtors. The capriciousness of punitive awards is demonstrated by the results in the case of *Glasscock et al. v. Armstrong Cork Co.*, 946 F.2d 1085 (5th Cir. 1991) cert. denied, 112 S.Ct. 1778, 118 L.Ed. 2d 435 (1992). The punitive to compensatory ratios ranged from 7:1 to 200:1 for the various plaintiffs therein, despite the fact that each plaintiff who claimed to have been exposed to asbestos products manufactured by Celotex had similar relationships with Celotex. The amounts of the punitive awards bore no relationship to the actual damages awarded.

162. Moreover, in both West Virginia and Texas, every class member would have been awarded a share of the punitive damages verdict, even though prior individual trials in these states frequently resulted in juries declining to award punitive damages. In some instances two to ten cases were consolidated based on similar diseases or similar exposures, while in other instances, cases were consolidated based on nothing more than

being the next cases on the trial docket. The dissimilar trial procedures and varying awards of punitive damages among states underscore the tremendous inconsistencies surrounding the compensatory and punitive damage claims asserted against the Debtors.

163. In addition, although essentially the same issues were presented in each case against Celotex and Carey Canada, different courts reached different conclusions on these issues. For example, in *the matter of William A. Angotti*, Circuit Court, Jackson County, Missouri, judgment was entered against Celotex in favor of William A. Angotti in the amount of \$189,500.00 in compensatory damages and \$250,000.00 in punitive damages. The Missouri Court of Appeals, Western District, reversed the award of punitive damages to Mr. Angotti. The court found that the evidence did not show that Celotex had been put on notice of the fact that relevant information regarding the dangerousness of asbestos was available to show that the product was actually known to constitute a health hazard to a given class of individuals. Further, it found that Celotex did not consciously choose to ignore the available information. By contrast, in *William Earl Glasscock, et al. v. The Celotex Corporation*, U.S. District Court, Eastern District of Texas, the jury assessed and the court awarded punitive damages totalling \$6,100,000.00 in favor of eleven plaintiffs that had been awarded a total of \$317,625.00 in compensatory damages. The United States Court of Appeals, Fifth Circuit, found that Celotex succeeded to the liabilities of its predecessors, and refused to overturn a jury verdict that Celotex was willful or reckless with regard to the production or distribution of asbestos.

164. Even in actions filed against Celotex or Carey Canada in the same court during a similar time period, punitive damages, when awarded, differed substantially. For example, in cases filed in the U.S. District Court for the Eastern District of Texas in 1985, punitive damage awards against Celotex ranged from \$125,000.00 to \$600,000.00. Similarly, in cases filed in the

Circuit Court, Kanawha County, West Virginia, in 1984 and 1985, punitive damage awards against Celotex ranged from \$26,499.00 to \$231,673.00 while in cases filed in the Circuit Court, Putnam County, West Virginia in 1989, punitive damage awards ranged from \$366,900.00 to \$1,236,000.00. This example graphically demonstrates the lack of objective standards in punitive damage awards arising out of identical circumstances.

165. Most of the expenses and liabilities incurred by the Debtors in connection with the asbestos bodily injury litigation were paid or reimbursed by insurance carriers pursuant to their insurance policies or settlement agreements between the Debtors and those carriers. However, (1) policy limits were relatively low in early years and the limits of most policies prior to late 1977 have been exhausted, (2) since late 1977, most of the Debtors' policies have excluded coverage for the disease of asbestosis, which is the basis for many of the personal injury claims pending against the Debtors, and the Debtors and the insurers dispute the scope of these exclusions, (3) subsequent to late 1977, an increasing number of the Debtors' policies have excluded coverage for other asbestos-related diseases, and the Debtors and their insurers dispute the scope of these exclusions, (4) since late 1984, coverage for most asbestos-related personal injury and property damage claims have been excluded from the Debtors' policies, (5) the Debtors' insurers dispute whether any of the Debtors' policies cover asbestos-related property damage claims, and (6) no insurance is available for punitive damages in many jurisdictions.

166. Consequently, the Debtors are unable to estimate the amount of additional insurance coverage available for pending and future asbestos-related claims. Shortly after the Debtors filed their Chapter 11 petitions, the Debtors commenced an Omnibus Insurance Adversary Proceeding seeking a declaratory judgment concerning the obligations of the Debtors' insurance companies to defend the Debtors and to pay the Debtors' defense costs and liability in actions alleging (1) asbestos property damage; (2) environmental property damage and bodily injury

allegedly arising from environmental property damage; and (3) asbestos bodily injury. The Debtors also seek in the Omnibus Insurance Adversary Proceeding damages for the insurance companies' breaches of their contractual obligations to protect the Debtors, and certain extra-contractual relief.

167. The Debtors have agreements with five different insurance carriers concerning the issuance of supersedeas bonds. All of the Bonds are collateralized by insurance proceeds belonging to the Debtors, either in the form of cash from insurance proceeds already received or in the form of committed insurance proceeds to be paid at specified dates pursuant to separate settlement agreements ("Settlement Agreements") with insurance companies resolving disputes involving coverage for asbestos-related claims. The Bonds that were collateralized by insurance proceeds to be paid at specified dates were issued pursuant to Settlement Agreements with California Union, Home, and Northbrook. California Union arranged for Bonds to be issued by its affiliate, INA; Northbrook issued Bonds itself or arranged for Bonds to be issued by its affiliate, Allstate; Home arranged for Bonds to be issued by its wholly-owned subsidiary, Home Indemnity. The Bonds secured by cash from insurance proceeds were issued by Aetna and National Union.

168. On May 1, 1989, Celotex and Carey Canada entered into a settlement agreement (hereinafter the "Northbrook Agreement") with respect to four excess insurance policies. The policies involved were Northbrook policy no. 63-003-744 issued for the policy period of October 1, 1977, to October 1, 1978, with annual aggregate limits of products liability coverage (bodily injury and property damage combined), in the amount of \$20,000,000; Northbrook policy no. 63-005-051 issued for the policy period of October 1, 1978, to October 1, 1979, with annual aggregate limits of products liability coverage (bodily injury and property damage combined) in the amount of \$5,000,000; Northbrook policy no. 63-006-044 issued for the policy period of October 1, 1979, to October 1, 1980, with aggregate annual

limits of products liability coverage (bodily injury and property damage combined) in the amount of \$5,000,000; and Northbrook policy no. 63-007-156 issued for the policy period October 1, 1981, to October 1, 1982, with aggregate annual limits of products liability coverage (bodily injury and property damage combined) in the amount of \$15,000,000. These policies included asbestos-related exclusions, the scope of which were disputed.

169. Under the terms of the Northbrook Agreement, Northbrook agreed to pay Celotex and Carey Canada in scheduled periodic payments the total of \$38,250,000 to be utilized for the defense or indemnity of certain claims. The initial installment payment under the Northbrook Agreement was not due until January 1, 1990. The total remaining amount to be paid under the Northbrook Agreement is \$22,402,568. As of June 29, 1992, the total payments deferred due to the issuance of supersedeas bonds under the Northbrook Agreement are \$14,152,568. Future payments of \$3,000,000 each are due on July 1, 1992 and October 1, 1992 and payments of \$750,000 each are due on January 1, 1993, April 1, 1993 and July 1, 1993.

170. The Northbrook Agreement also provided that, if during the pendency of and subject to the terms of the Northbrook Agreement, Celotex or Carey Canada was obligated to post a bond to supersede a judgment against it, Northbrook would, upon request, issue the supersedeas bond as surety on appeal of the judgment. The principal amount of the supersedeas bond was to be fully secured by payments remaining to be made by Northbrook under the Northbrook Agreement.

171. On or about May 21, 1990, Celotex and Carey Canada entered into a settlement agreement (hereinafter the "California Union Agreement") with respect to California Union Insurance Company excess certificates/policies ZCX-00-38-11 and ZCX-00-46-33 with total aggregate limits of products liability coverage (bodily injury and property damage combined) in the amount of \$20,000,000.00. These policies include asbestos-

related exclusions, the scope of which were disputed. Under the terms of the California Union Agreement, California Union agreed to pay Celotex and Carey Canada in scheduled periodic payments the total amount of \$20,000,000 to be utilized for the defense or indemnity of certain claims. The initial installment payment under the California Union Agreement was not due until August 1, 1990. The total remaining amount to be paid under the California Union Agreement is \$12,500,000. As of June 29, 1992, the total payments deferred due to the issuance of Bonds under the California Union Agreement are \$7,283,128. One future payment of \$5,000,000 is due on March 31, 1994.

172. The California Union Agreement also provided that, if during the pendency of and subject to the terms of the California Union Agreement, Celotex or Carey Canada was obligated to post a bond to supersede a judgment against it, California Union would, upon request, provide or obtain the supersedeas bond as surety on appeal of the judgment. The principal amount of the supersedeas bond was to be fully secured by payments remaining to be made by California Union under the California Union Agreement.

173. On August 31, 1989, Celotex and Carey Canada entered into a final settlement agreement (the "Home Agreement") with respect to eight excess liability insurance policies. The policies involved were HEC9557890, HEC9006511, HEC9328531, HEC9006512, HEC9328530, HEC9631289, HEC9631290, and HEC9690480. Some of these policies include asbestos-related exclusions, the scope of which were disputed. Under the terms of the Home Agreement, Home agreed to pay Celotex and Carey Canada in scheduled periodic payments the total amount of \$32.75 million to be utilized for the defense or indemnity of certain claims. The total amount remaining to be paid under the Home Agreement is \$12,750,000, all of which are deferred due to the issuance of supersedeas bonds.

174. The Home Agreement also provided that, if during the pendency of and subject to the terms of the Home Agreement, Celotex or Carey Canada was obligated to post a bond to supersede a judgment against it, Home would, upon request, obtain or provide the supersedeas bond as surety on appeal of the judgment. The principal amount of the supersedeas bond was to be fully secured by payments remaining to be made by Home under the Home Agreement.

175. National Union issued Bonds secured by a collateral account established by the Debtors with cash received from the settlement of disputes involving coverage including coverage for asbestos-related claims. The Debtors transferred cash to the AIG Liquid Assets Pool Account under Account Number L12280-1 at Chemical Bank, New York, New York. This is a separate and distinct account established to serve as collateral for surety bonds issued by National Union for the Debtors. Each Bond issued by National Union is secured by the collateral account. The account balance as of May 31, 1992, was \$13,518,952.76. The estimated account balance as of June 29, 1992, is \$13,556,546.62. The interest rate on the funds deposited in the collateral account is based on the 90 day Treasury Bill rate less 25 basis points, adjusted monthly. The average daily interest earnings on the collateral account during the preceding six months is \$1,337.26.

176. Aetna issued Bonds secured by a letter of credit obtained by the Debtors using certificates of deposit purchased with cash already received from the settlement of insurance disputes involving coverage including coverage for asbestos-related claims as collateral. First Florida Bank, N.A., Tampa, Florida, issued the letter of credit in favor of Aetna based upon the Debtors' pledge to First Florida Bank, N.A. of certificates of deposit which the Debtors purchased in amounts equal to or greater than the face amount of the letter of credit. The amount of the letter of credit issued by First Florida Bank, N.A., is \$1,256,000. Certificate of Deposit No. 7046261010 in the amount of \$1,256,000 issued by First Florida Bank, N.A., secures the letter of credit.

177. The Debtors transferred their property in the form of (a) an assignment of their right to receive certain future insurance proceeds, or (b) cash received in payment of resolved insurance coverage for asbestos-related claims to obtain the Bonds. The Bonded Claimants are the indirect beneficiaries of these transfers of the Debtors' property. Claimants holding verdicts as to which no Bond was posted hold punitive damage awards against Celotex totaling \$1,355,000, and against Carey Canada totaling \$85,000.

178. All of the judgments rendered against the Debtors that were unpaid as of the Petition Date remain unpaid, even if a supersedeas bond has been posted pending an appeal of a particular suit. Even if final mandate has issued, a Bond cannot be executed upon absent this Court's approval.

179. The Debtors' assets totaling more than \$61 million obtained from settlements of disputed insurance coverage were used to post the Bonds during the 15 month period prior to the filing of their bankruptcy petition. These assets presently represent more than 80% of the insurance assets committed and available for distribution to Bodily Injury Claimants and property damage claimants. It is highly improbable that the unbonded claimants, although identically situated with the Bonded Claimants, will receive full payment in satisfaction of their awards in the Debtors' reorganization.

180. There are also Bodily Injury Claimants in whose cases verdicts have been rendered, but no judgment has been entered. It is also improbable that these claimants will receive payment in full in the Debtors' reorganization.

181. Further, there are more than 5,000 asbestos claimants who settled their disputes with Celotex or Carey Canada, but whose settlements were not funded because of the filing of the Chapter 11 petition. Payment to these settling claimants was precluded by the bankruptcy filing and they will receive only a ratable share of their claim in common with all other claimants.

182. There are additional plaintiffs who have asserted claims against the Debtors, but whose cases are in the pre-verdict stage of litigation.

183. Finally, there may be countless future claimants, who may at some future date, as a result of alleged exposure to asbestos, seek to prosecute actions against the Debtors.

184. The Debtors expect, under the protection of this Court, to be able to resolve their remaining insurance coverage disputes and to develop a reorganization plan or plans which will permit a fair and equitable payment of its current and future asbestos related obligations, as well as a satisfaction of other creditors' claims. The Chapter 11 filing was undertaken to permit the Debtors to continue their business under the protection of the Bankruptcy Court while they restructure their obligations to their creditors and develop a plan to deal with the asbestos related claims.

COUNT I

ACTION TO AVOID PREFERENTIAL TRANSFERS (11 U.S.C. §547(b))

185. The Plaintiffs reallege and incorporate paragraphs 1 through 184, above, as if fully set forth herein.

186. Section 547(b) of the Code provides that a debtor may avoid any transfer of an interest of the debtor in property if such transfer: (a) is to or for the benefit of a creditor, (b) is made

on account of an antecedent debt owed by the debtor before such transfer was made, (c) is made while the debtor was insolvent, (d) is made on or within 90 days before the date of the filing of the petition, and (e) enables the creditors to receive more than such creditor would receive under a liquidation proceeding pursuant to Chapter 7 of the Code.

187. The Debtors transferred property for the benefit of the Preference Defendants consisting of the collateral used to induce the issuance of the Bonds in favor of the Preference Defendants. Specifically, cash or cash equivalents, or the right to receive future insurance proceeds under a Settlement Agreement, was transferred to each Surety issuing a Bond in favor of a Preference Defendant.

188. The Debtors transferred their interest in property to the Sureties as collateral in order to secure the issuance of Bonds in favor of the Preference Defendants.

189. The transfers of the Debtors' property to the Sureties were for the sole benefit of the Preference Defendants.

190. The transfers of the Debtors' property occurred for and on account of antecedent debts owed by the Debtors to the Preference Defendants for bodily injury or wrongful death arising from exposure to asbestos or asbestos containing products which claims were liquidated by the award of judgments in favor of the Preference Defendants against the Debtors.

191. The transfers for the benefit of the Preference Defendants were made on or within 90 days of the Petition Date. Specifically, the transfers occurred on or between July 13, 1990 and October 12, 1990.

192. Pursuant to §547(f) of the Code, the Debtors are presumed to have been insolvent at the time the Debtors transferred the property for the benefit of the Preference Defendants.

193. The transfer of property by the Debtors for the benefit of the Preference Defendants in connection with the issuance of the Bonds enabled the Preference Defendants to receive more than they would have received if the Debtors' Chapter 11 case were a case under Chapter 7 of the Code and the Preference Defendants received distributions from the Debtors on the Debtors' indebtedness to the Preference Defendants to the extent provided by the provisions of the Code.

WHEREFORE, the Debtors demanded judgement against the Preference Defendants (i) determining that the transfers of property of the Debtors in order to cause the issuance of the Bonds in favor of the Preference Defendants constituted transfers that are voidable under §547(b) of the Code, (ii) determining that the Debtors may recover the property transferred for the benefit of the Preference Defendants in connection with the issuance of the Bonds from the Preference Defendants pursuant to §550(a) of the Code, and (iii) granting to the Debtors such other and further relief as is just.

COUNT II

ACTION TO AVOID TRANSFERS TO SURETIES AND TO DISCHARGE CERTAIN OBLIGATIONS OF SURETIES (11 U.S.C. §547(d))

194. The Plaintiffs reallege and incorporate paragraphs 1 through 193 above, as if fully set forth herein.

195. Section 547(d) of the Code and Bankruptcy Rule 6010 permit a debtor to avoid a transfer of an interest in property of the debtor transferred to a surety to secure reimbursement of the surety, if the surety who issued the bond furnished the bond in order to dissolve a judicial lien that would have been avoidable by the debtor under §547(b) of the Code, subject to the sureties' rights under §547(d).

196. The Debtors transferred interests in property to the Sureties as collateral in the form of cash or cash equivalents or the assignment of rights to receive future insurance proceeds as collateral to secure reimbursement of the Sureties that furnished Bonds in favor of the Preference Defendants.

197. Upon issuance of the Bonds, the Debtors dissolved the judicial liens obtained in favor of the Preference Defendants.

198. The judicial liens arising from the judgments in favor of the Preference Defendants, had they been executed, are avoidable under §547(b) of the Code.

199. To the extent of the value of the transferred property recovered by the Debtors the Sureties should be discharged from liability under the Bonds issued in favor of the Preference Defendants.

WHEREFORE, the Debtors demand judgment against the Preference Defendants (i) determining that the transfers of property of the Debtors to the Sureties induced issuance of the Bonds in order to dissolve judicial liens in favor of the Preference Defendants that are voidable by the Debtors under §547(b) of the Code; (ii) determining that the Sureties are discharged from liability under the Bonds issued in favor of the Preference Defendants to the extent provided in §547(d); and (iii) granting to the Debtors such other and further relief as is just.

COUNT III

ACTION TO AVOID CONSTRUCTIVELY FRAUDULENT TRANSFERS (11 U.S.C. §548(a)(2)(A))

200. The Plaintiffs reallege and incorporate paragraphs 1 through 184 above, as if fully set forth herein.

201. Section 548(a)(2)(A) of the Code provides that a debtor may avoid any transfer of an interest of the debtor in property if the debtor (a) received less than a reasonably equivalent value in exchange for such transfer; (b) was insolvent on the date of the transfer, became insolvent as a result of the transfer or intended to incur, or believed that it would incur, debts that would be beyond the debtor's ability to pay such debts matured; and (c) the transfer occurred within one year of the filing of the bankruptcy petition.

202. The Debtors transferred property for the benefit of the One Year Defendants on the dates set forth in paragraphs 21 through 117 above, consisting of the collateral used to induce the issuance of its Bonds in favor of the One Year Defendants. Specifically, cash or cash equivalents, or the right to receive future insurance proceeds under a Settlement Agreement was transferred to each Surety issuing a Bond in favor of a One Year Defendant.

203. The Debtors transferred their interest in property to the Sureties as collateral in order to secure the issuance of Bonds in favor of the One Year Defendants.

204. The transfers of the Debtors' property to the Sureties were for the sole benefit of the One Year Defendants.

205. The transfers of the Debtors' property for the benefit of the One Year Defendants were all made within one year of the Petition Date.

206. The Debtors did not receive reasonably equivalent value for the transfers of the Debtors' property for the benefit of the One Year Defendants because the forbearance of the right to execute and levy by the One Year Defendants did not place the Debtors in any better position financially than if the Debtors had paid the judgments at the time of the transfers. The immediate economic impact experienced by the Debtors as a result of

posting the Bonds, in a balance sheet sense, was the same as if they had paid the One Year Defendants on the date of their judgments. Accordingly, no value was received by the Debtors.

207. Under the unique circumstances associated with the financial affairs of the Debtors, the Debtors should be deemed for purposes of this avoidance action under the Code to have been insolvent or to have believed that the Debtors would incur debts that would be beyond their ability to pay as such debts matured at the time of the transfers for the benefit of the One Year Defendants.

WHEREFORE, the Debtors demand judgment against the One Year Defendants (i) determining that the transfers of property of the Debtors for the benefit of the One Year Defendants in order to cause the issuance of the Bonds in favor of the One Year Defendants constitute transfers that are voidable under §548(a)(2)(A) of the Code; (ii) determining that the Debtors may recover the proceeds of the transfers from the One Year Defendants pursuant to §550(a) of the Code; and (iii) granting to the Debtors such other and further relief as is just.

COUNT IV

ACTION TO AVOID CONSTRUCTIVELY FRAUDULENT TRANSFERS (11 U.S.C. §544 and §726.105, Florida Statutes)

208. The Plaintiffs reallege and incorporate paragraphs 1 through 184, and 201 through 207, above, as if fully set forth herein.

209. Pursuant to §544 of the Code, any transfer of an interest of a debtor that is voidable under state law by a creditor holding an allowable claim may be avoided by the debtor.

210. A transfer may be avoided by a creditor holding an allowable claim under the Uniform Fraudulent Transfer Act, and specifically §726.105, *Florida Statutes* (1991), if it was made by the debtor within four years of the date of the action, if the debtor received less than reasonably equivalent value, and if the debtor believed or reasonably should have believed that he would incur debts beyond his ability to pay as they became due.

211. The Debtors transferred property for the benefit of all Bonded Claimants consisting of the collateral used to induce the issuance of the Bonds in favor of the Bonded Claimants. Specifically, cash or cash equivalents, or the right to receive future insurance proceeds under a Settlement Agreement was transferred to each Surety issuing a Bond in favor of a Bonded Claimant.

212. The Debtors transferred their interest in property to the Sureties as collateral in order to secure the issuance of Bonds in favor of the Bonded Claimants.

213. The transfers of the Debtors' property to the Sureties were for the sole benefit of the Bonded Claimants.

214. The transfers of the Debtors' property for the benefit of the Bonded Claimants were made within four years of the Petition Date.

215. The Debtors did not receive reasonably equivalent value for the transfers in favor of the benefit of the Bonded Claimants.

216. Under the unique circumstances associated with the financial affairs of the Debtors, the Debtors should be deemed for purposes of this avoidance action under the Uniform Fraudulent Transfer Act to have believed or reasonably should have believed that they would incur debts beyond their ability to pay as they become due.

WHEREFORE, the Debtors demand judgment against the Bonded Claimants (i) determining that the transfers of property of the Debtors for the benefit of the Bonded Claimants in order to cause the issuance of the Bonds in favor of the Bonded Claimants constitute transfers that are voidable under the Uniform Fraudulent Transfer Act; (ii) determining that the Debtors may recover the proceeds of the transfers from the Bonded Claimants pursuant to §550(a) of the Code; and (iii) granting to the Debtors such other and further relief as is just.

COUNT V

RECOVERY OF PREFERENTIAL AND CONSTRUCTIVELY FRAUDULENT TRANSFERS

217. The Plaintiffs reallege and incorporate paragraphs 1 through 216 above, as if fully set forth herein.

218. Section 550 of the Code provides that property transferred pursuant to a transfer that is avoided may be recovered from the initial transferee of such property.

219. The Sureties are the initial transferees of the property transferred by the Debtors for the benefit of the Bonded Claimants, and in fact, are in possession of this property.

220. Because the Transfers made for the benefit of the Bonded Claimants are voidable as preferential and constructively fraudulent pursuant to §§544, 547 and 548 of the Code, the Debtors may recover this property from the Sureties.

WHEREFORE, the Debtors demand judgment against the Sureties (i) determining that they are the initial transferee of transfers for the benefit of the Bonded Claimants that are voidable under §§544, 547 and 548 of the Code; (ii) determining that the Debtors may recover the proceeds of the transfers from

the Sureties pursuant to §550(a) of the Code; and (iii) granting to the Debtors such other and further relief as is just.

NOTE: Count VI and the allegations of paragraphs 221 through 226 have been dismissed with prejudice by the Bankruptcy Court.

COUNT VII

ACTION FOR DECLARATORY JUDGMENT DISALLOWING PUNITIVE DAMAGE AWARDS (11 U.S.C. §502)

221. The Plaintiffs reallege and incorporate paragraphs 1 through 226 above, as if fully set forth herein.

222. The defendants in this count of the Complaint include all of the defendants named in paragraphs 51 through 54, paragraphs 102 through 115, and paragraphs 134 through 139, above (collectively the "Punitive Damage Claimants").

223. The Bonded Claimants hold punitive damages awards of \$13,052,406.67 against Celotex, and \$89,000 against Carey Canada.

224. Section 105(a) of the Code provides, in part, that a court may "issue any order, process or judgment that is necessary or appropriate to carry out the provisions of this title." This Court therefore has the authority to issue a declaratory judgment.

225. Section 502 of the Code provides that a court may allow or disallow, in full or in part, the claim or interest of any creditor. This Court therefore has the authority to disallow punitive damage awards.

226. Failure to disallow punitive damage awards would frustrate and impede the Debtors' reorganization. Limited resources would be diverted to a small group of creditors to the detriment of other creditors, including compensatory damage claimants. Issues central to the Debtors' reorganization would not be decided in the bankruptcy forum, thereby limiting this Court's exclusive responsibility and authority to manage these proceedings effectively.

227. Punitive damages are not intended to compensate an injured plaintiff, but rather are intended to punish a defendant and deter him and others from similar conduct. It is undisputed, however, that the Debtors have ceased producing any asbestos containing products, including those products which precipitated the lawsuits that necessitated the Debtors' resort to the protection of this Court. Therefore, the disallowance of the punitive damage claims will not frustrate the goal of deterrence. The goal of punishment, especially for the acts of a predecessor over which Celotex had no control, was achieved long ago.

228. Fundamental fairness and due process limit the number of times a defendant may be required to pay punitive damages for the same conduct. Due process is violated where there are no objective limits on the jury's discretion in awarding punitive damages and no objective and meaningful standards of review to consider the excessiveness of the punitive damage awards. The punitive damage awards at issues in this Complaint are also excessive and per se unreasonable.

WHEREFORE, the Debtors demand a judgment against the Punitive Damage Claimants (i) determining that the punitive damage portions of their claims against the Debtors are disallowed; and (ii) granting to the Debtors such other and further relief as is just.

COUNT VIII

**ACTION TO EQUITABLY SUBORDINATE
PENDING PUNITIVE DAMAGE
AWARDS TO THE CLAIMS OF
UNSECURED CREDITORS
(11 U.S.C. §510(c)(1))**

229. The Plaintiffs reallege and incorporate paragraphs 1 through 234 above, as if fully set forth herein.

230. The Defendants in this count of the Complaint include all of the Punitive Damage Claimants.

231. Section 510(c)(1) of the Code provides that "under principles of equitable subordination, the court may subordinate, for purposes of distribution, all or part of an allowed claim to all or part of another allowed claim or all or part of an allowed interest to all or part of another allowed interest." This Court therefore has the authority to subordinate punitive damage awards to the claims of unsecured creditors.

232. Failure to subordinate punitive damage awards would frustrate and impede the Debtor's reorganization. Limited resources would be diverted to a small group of creditors to the detriment of other creditors including compensatory damage claimants. Issues central to the Debtors' reorganization would not be decided in the bankruptcy forum, thereby limiting this Court's exclusive responsibility and authority to manage these proceedings effectively.

WHEREFORE, the Debtors demand judgment against the Punitive Damage Claimants (i) determining that the punitive damage portions of their claims against the Debtors are subordinated to the claims of all unsecured creditors; and (ii) granting to the Debtors such other and further relief as is just.

COUNT IX

**ACTION FOR DECLARATORY JUDGMENT
DISALLOWING POST-PETITION INTEREST
AND UNMATURED INTEREST
(11 U.S.C. §502)**

233. The Plaintiffs reallege and incorporate paragraphs 1 through 238 above, as if fully set forth herein.

234. Section 105(a) of the Code provides, in part, that a court may "issue any order, process or judgment that is necessary or appropriate to carry out the provisions of this title." This Court therefore has the authority to issue a declaratory judgment.

235. Section 502 of the Code provides that a court may allow or disallow, in full or in part, the claim or interest of any creditor. This Court therefore has the authority to disallow post-petition interest and unmatured interest on the Bonded Claimants' claims.

236. The claims of the Bonded Claimants against the Debtors are unsecured and therefore those claims are not entitled to receive any interest accrued since the Petition Date.

237. Any claim against a Bond, for an amount that reflects an excess above the amount of the Bonded Claimant's claim against the Debtors as of the Petition Date, represents a claim for unmatured interest.

238. Section 502(b)(2) of the Code provides that a court shall disallow any claim for unmatured interest.

239. Failure to disallow post-petition interest on the Bonded Claimants' claims against the Debtors and to disallow any claim against a Bond for unmatured interest would frustrate and impede the Debtors' reorganization.

WHEREFORE, the Debtors demand judgment against the Bonded Claimants (i) determining that any claim for post-petition interest against the Debtors is disallowed; (ii) determining that any claim against a Bond, for an amount in excess of the Bonded Claimants' claim against the Debtors as of the Petition Date, represents a claim for unmatured interest against the Debtors which is disallowed pursuant to Section 502(b)(2) of the Code; and (iii) granting to the Debtors such other and further relief as is just.

COUNT X

ACTION FOR DECLARATORY JUDGMENT DISALLOWING POST-PETITION BOND PREMIUMS (11 U.S.C. §503(b))

240. The Plaintiffs reallege and incorporate paragraphs 1 through 245 above, as if fully set forth herein.

241. The defendants in this count of the Complaint include all of the Sureties.

242. Section 503(b)(1)(A) of the Code provides, in part, that there shall be allowed administrative expenses including the actual, necessary costs and expenses of preserving the estate, for services rendered after the commencement of the case.

243. Several of the Sureties have sent bills and made requests to the Debtors to pay additional annual premiums in connection with the pre-petition posting of the Bonds (the "Bond Premiums").

244. The claimed post-petition Bond Premiums are not actual, necessary costs and expenses of preserving the estate and do not represent an actual cost for services rendered after the commencement of the case.

245. Once the Bonds were posted by the Sureties for the benefit of the Bonded Claimants they remained posted regardless of the payment or non-payment of any subsequent Bond Premiums.

246. The Debtors should not be required to pay post-petition Bond Premiums which relate to the pre-petition posting of the Bonds, and therefore are not expenses incurred to preserve the estate or for services rendered after the commencement of the case.

247. The automatic stay pursuant to §362 of the Code, the §105 Stay Order and other Orders of the Court have protected the Debtors from the Bond Premiums and no new benefit has been derived for the estate as a result of the outstanding Bonds.

WHEREFORE, the Debtors demand judgment against the Sureties (i) determining that post-petition Bond Premiums to the Sureties are not obligations of the Debtors and are not entitled to treatment as administrative expenses of the Debtors' estates; and (ii) granting to the Debtors such other and further relief as is just.

COUNT XI

ACTION TO ENJOIN CERTAIN CLAIMS AGAINST SURETIES (11 U.S.C. §105)

248. The Plaintiffs reallege and incorporate paragraphs 1 through 253 above, as if fully set forth herein.

249. Section 105 of the Code permits the Bankruptcy Court to issue any order, process or judgment that is necessary or appropriate, including the power to issue an order channeling claims that may exist against the Sureties for issuing the Bonds to the property transferred to the Sureties which is recovered by the Debtors pursuant to §550 of the Code.

250. Further, the Court's authority to channel claims is granted by implication under to the Court's general equitable powers, even absent statutory provisions.

251. If the Bonded Claimants are not precluded from pursuing possible claims against the Sureties with respect to the obligations of the Sureties on the Bonds, then the Sureties will have rights of indemnity or contribution against the Debtors, or may otherwise seek to avoid, set off or recoup the obligations of the Sureties under their Settlement Agreements with the Debtors or exercise rights as secured creditors against the Debtors, and thereby deplete the Debtors' estates' assets and nullify the benefit of the avoidance of the transfers.

WHEREFORE, the Debtors demand judgment against the Sureties and Bonded Claimants (i) determining that this Court should enter an injunction channeling the Bonded Claimants' claims against the Sureties to the property recovered from the Sureties pursuant to §550 of the Code; and (ii) granting to the Debtors such other and further relief as is just.

Dated: May 10, 1993.

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By: _____

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Second Amended Complaint to Avoid and Recover Preferential and Constructively Fraudulent Transfers Made for the Benefit of Bonded Claimants, to Disallow, or in the Alternative, Subordinate Punitive Damage Awards, to Disallow Post-Petition Interest and Unmatured Interest, to Disallow Post-Petition Bond Premiums and to Enjoin Certain Actions Against Sureties has been furnished by U. S. Mail to all persons on the attached Master Service List and all persons on the attached Core Service List this ___ day of May, 1993.

Paul D. Watson

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 Freeman, Ollie Freeman, Robert E. Funk, Dan M. Thompson,
 Gordon L. House, Gladys House, Julie Marble Toland, Sheri
 Marble Nanny, Tina Marble, Bill Marble, Gertrude

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 Louis Colon, Aline Thompson, Clyde A. Thompson, Troy
 Hilliard Manning, Charles R. Moore, Robert L. Coker,
 Warren Harvey Coker, Howard Pitts, Howard Legg, Kenneth
 O. Allen, Frank C. Foytik, Susan Trent, Ronnie Trent, Virolde
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**THE UNITED STATES BANKRUPTCY COURT
 MIDDLE DISTRICT OF FLORIDA
 TAMPA DIVISION**

IN RE: Chapter 11

THE CELOTEX
 CORPORATION and
 CAREY CANADA, INC., Consolidated Case Nos.:
 90-10016-8B1 and
 90-10017-8B1

Debtors.

 THE CELOTEX CORPORATION and
 CAREY CANADA INC.,

Plaintiffs,

v. Adversary No.: 92-584

 ALLSTATE INSURANCE COMPANY and
 each of the Defendants
 on Schedule A,

Defendants.

**ANSWER OF THE BARON & BUDD DEFENDANTS
 TO DEBTORS' COMPLAINT**

TO THE HONORABLE JUDGE OF SAID COURT:

COME NOW defendants Viold Moeckel, Evangeline
 Moeckel, Ronnie Trent, Susan Trent, Frank C. Foytik, Kenneth

O. Allen, Howard Legg, Howard Pitts, Robert L. Coker, Warren Harvey Coker, Troy Hilliard Manning, Charles R. Moore, Louis Colon, Jeannette Colon, Clyde A. Thompson, Aline Thompson, Clifford Chamlee, Billy McCleary, Nancy McCleary, Bennie Edwards, JoAnn Edwards, George Brown, A. L. Cook, JoAnn Cook, Walker Peterson, Eloise Peterson, Oscar Thomley, Verlene Thomley, Daniel Willis, Carolyn Willis, Elwood Hamlet, Lois Hamlet, Vincent Lewis, Ruby Lewis, Herman Mensing, Jr., Frances Mensing, and Manuel Lucero, all represented by the law firm of Baron & Budd and hereinafter referred to as "the Baron & Budd defendants," and answer the complaint filed by debtors Celotex Corporation and Carey Canada, Inc., hereinafter referred to as "debtors," as follows:

1. The Baron & Budd defendants admit the allegations in paragraphs 1-3 of the complaint.

2. The Baron & Budd defendants admit the general propositions of law contained in paragraph 4 of the complaint, except that they deny that any provision of the bankruptcy code grants the authority to disallow liquidated and secured punitive damages claims, to subordinate any claims of the "Bonded Claimants," and to permanently enjoin the prosecution of claims against entities other than the debtor.

3. The Baron & Budd defendants deny the allegations in paragraph 5 of the complaint.

4. The Baron & Budd defendants admit the allegations in paragraph 6 of the complaint.

5. The Baron & Budd defendants deny the allegation in paragraph 7 of the complaint that this court may exercise subject matter jurisdiction over debtors' claims against the Baron & Budd defendants. The relationship between the Baron & Budd defendants and the sureties named as defendants in debtors' complaint is not "related to" this bankruptcy case, and therefore

this court cannot derive jurisdiction to adjudicate this action from 28 U.S.C. § 1334(b). The Baron & Budd defendants admit that, if the bankruptcy court had jurisdiction over the action under 28 U.S.C. § 1334(b), which it does not, this is a core proceeding under 28 U.S.C. § 157(b)(2).

6. The Baron & Budd defendants admit that if the court had jurisdiction over this action against the Baron & Budd defendants under 28 U.S.C. § 1334(b), which it does not, venue in this court would be proper as alleged in paragraph 8 of the complaint.

7. The Baron & Budd defendants admit the allegations in paragraphs 9-10 of the complaint.

8. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 11-55, 57-60, 62-68, 70-73, 101-111, 113, 116-131, 133-134, 136-137, 140, and 142-147, and therefore deny same to place them in issue.

9. The Baron & Budd defendants admit the allegations in paragraph 56 of the complaint relating to Virolld and Evangeline Moeckel, except that they are without knowledge or information sufficient to form a belief concerning the allegation that the bond was posted pursuant to an agreement between the debtors and Northbrook, and therefore deny said allegation to place it in issue.

10. The Baron & Budd defendants admit the allegations in paragraph 61 of the complaint relating to Ronnie and Susan Trent, and further allege that the appellate process in that case has been concluded and the judgment finally affirmed.

11. The Baron & Budd defendants admit the allegations in paragraph 69 of the complaint relating to Frank C. Foytik, except that they are without knowledge or information sufficient

to form a belief concerning the allegation that the bond was posted pursuant to an agreement between the debtors and Northbrook, and therefore deny said allegation to place it in issue.

12. The Baron & Budd defendants admit the allegations in paragraph 74 of the complaint relating to Kenneth O. Allen, except that they are without knowledge or information sufficient to form a belief concerning the allegation that the bond was posted pursuant to an agreement between the debtors and Home Insurance Company, and therefore deny said allegation to place it in issue.

13. The Baron & Budd defendants admit the allegations in paragraph 95 of the complaint relating to Howard Legg.

14. The Baron & Budd defendants admit the allegations in paragraph 96 of the complaint relating to Howard Pitts.

15. The Baron & Budd defendants admit the allegations in paragraph 97 of the complaint relating to Robert L. Coker, except that they deny the allegation that Celotex's and Carey Canada's shares of the \$167,000.00 judgment are \$55,666.67 each. Celotex and Carey Canada are jointly and severally liable for the full amount of the judgment, as established by the fact that Celotex and Carey Canada posted a supersedeas bond securing the full amount of the judgment.

16. The Baron & Budd defendants admit the allegations in paragraph 98 of the complaint relating to Warren Harvey Coker, except that they deny the allegation that Celotex's and Carey Canada's shares of the \$131,000.00 judgment are \$43,666.67 each. Celotex and Carey Canada are jointly and severally liable for the full amount of the judgment, as established by the fact that Celotex and Carey Canada posted a supersedeas bond securing the full amount of the judgment.

17. The Baron & Budd defendants admit the allegations in paragraph 99 of the complaint relating to Troy Hilliard Manning, except that they deny the allegation that Celotex's and Carey Canada's shares of the \$370,000.00 judgment are \$123,333.33 each. Celotex and Carey Canada are jointly and severally liable for the full amount of the judgment, as established by the fact that Celotex and Carey Canada posted a supersedeas bond securing the full amount of the judgment.

18. The Baron & Budd defendants admit the allegations in paragraph 100 of the complaint relating to Charles R. Moore, except that they deny the allegation that Celotex's and Carey Canada's shares of the \$486,000.00 judgment are \$162,000.00 each. Celotex and Carey Canada are jointly and severally liable for the full amount of the judgment, as established by the fact that Celotex and Carey Canada posted a supersedeas bond securing the full amount of the judgment.

19. The Baron & Budd defendants admit the allegations in paragraph 112 of the complaint relating to Louis and Jeanette Colon, except that they are without knowledge or information sufficient to form a belief concerning the allegation that the bond was posted pursuant to an agreement between the debtors and Home Insurance Company, and therefore deny said allegation to place it in issue. The Colons further allege that the appellate process in that case has been concluded and the judgment finally affirmed.

20. The Baron & Budd defendants admit the allegations in paragraph 114 of the complaint relating to Clyde and Aline Thompson, except that they are without knowledge or information sufficient to form a belief concerning the allegation that the bond was posted pursuant to an agreement between the debtors and Home Insurance Company, and therefore deny said allegation to place it in issue. The Thompsons further allege that the appellate process in that case has been concluded and the judgment finally affirmed.

21. The Baron & Budd defendants admit the allegations in paragraph 115 of the complaint relating to Clifford Chamlee, except that they are without knowledge or information sufficient to form a belief concerning the allegation that the bond was posted pursuant to an agreement between the debtors and Home Insurance Company, and therefore deny said allegation to place it in issue.

22. The Baron & Budd defendants admit the allegations in paragraph 132 of the complaint relating to Billy and Nancy McCleary, except that they are without knowledge or information sufficient to form a belief concerning the allegation that the bond was posted pursuant to an agreement between the debtors and Northbrook, and therefore deny said allegation to place it in issue.

23. The Baron & Budd defendants admit the allegations in paragraph 135 of the complaint relating to Bennie Edwards, except that they are without knowledge or information sufficient to form a belief concerning the allegation that the bond was posted pursuant to an agreement between the debtors and Northbrook, and therefore deny said allegation to place it in issue. Mr. Edwards further alleges that the appellate process in that case has been concluded and the judgment finally affirmed.

24. The Baron & Budd defendants admit the allegations in paragraph 138 of the complaint relating to George Brown, A.L. Cook, JoAnn Cook, Walker Peterson, Eloise Peterson, Oscar Thomley, and Verlene Thomley, except to note that the judgment was properly appealed to the United States Court of Appeals for the Eleventh Circuit.

25. The Baron & Budd defendants admit the allegations in paragraph 139 of the complaint relating to Daniel and Carolyn Willis, Elwood and Lois Hamlet, Vincent and Ruby Lewis, and Herman and Frances Mensing, and further allege that the appellate process in that case has been concluded and the judgment finally affirmed.

26. The Baron & Budd defendants admit the allegations in paragraph 141 of the complaint relating to Manuel Lucero, and further allege that the appellate process in that case has been concluded and the judgment finally affirmed.

27. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 144-147, 149-158, and 160-184 of the complaint, and therefore deny same to place them in issue.

28. The Baron & Budd defendants deny the allegations in paragraphs 148 and 159 of the complaint.

29. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 185-201 of the complaint, and therefore deny same to place them in issue.

30. The Baron & Budd defendants deny the allegations in paragraphs 187-193 of the complaint.

31. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 194-195 of the complaint, and therefore deny same to place them in issue.

32. The Baron & Budd defendants deny the allegations in paragraphs 196-199 of the complaint.

33. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 200-201 of the complaint, and therefore deny same to place them in issue.

34. The Baron & Budd defendants deny the allegations in paragraphs 202-207 of the complaint.

35. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 208-210 of the complaint, and therefore deny same to place them in issue.

36. The Baron & Budd defendants deny the allegations in paragraphs 211-216 of the complaint.

37. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 217-222 of the complaint, and therefore deny same to place them in issue.

38. The Baron & Budd defendants deny the allegations in paragraphs 223-224 of the complaint.

39. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 225 of the complaint, and therefore same to place them in issue.

40. The Baron & Budd defendants deny the allegations contained in paragraph 226 of the complaint.

41. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 227-230 of the complaint, and therefore deny same to place them in issue.

42. The Baron & Budd defendants deny the allegations in paragraphs 231-234 of the complaint.

43. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraphs 235-237 of the complaint, and therefore deny same to place them in issue.

44. The Baron & Budd defendants deny the allegations in paragraph 238 of the complaint.

45. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 239-241 of the complaint, and therefore deny same to place them in issue.

46. The Baron & Budd defendants deny the allegations in paragraphs 242-245 of the complaint.

47. The Baron & Budd defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 246-254 of the complaint, and therefore deny same to place them in issue.

48. The Baron & Budd defendants deny the allegations in paragraphs 255-257 of the complaint.

AFFIRMATIVE DEFENSES

49. This court does not have subject matter jurisdiction over this action against the Baron & Budd defendants.

50. The complaint fails to state a claim upon which relief can be granted.

51. Debtors' complaint against the Baron & Budd defendants is unsupported in law or equity.

52. Debtors' complaint against the Baron & Budd defendants is precluded by 11 U.S.C. § 524(e), which provides that "discharge of a debt of the debtor does not affect the liability of any other entity on, or the property of any other entity for, such debt."

53. Debtors' complaint seeking disallowance for subordination of punitive damages is barred by the doctrine of collateral estoppel, because the awards of punitive damages have, in all instances, been ordered or upheld by other courts of competent jurisdiction. The court has no legislative or constitutional authority to overrule those courts in which the judgments were entered and affirmed.

54. A judgment impairing the ability of the Baron & Budd defendants to enforce obligations owed to them by sureties not in bankruptcy would constitute a taking of property without just compensation in violation of the Fifth Amendment to the United States Constitution.

WHEREFORE, PREMISES CONSIDERED, the Baron & Budd defendants demand judgment dismissing debtors' complaint, and awarding to the Baron & Budd defendants such other and further relief to which they are justly entitled.

Respectfully submitted,

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BRENT M. ROSENTHAL

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Answers to Complaint was mailed to Jeffrey W. Warren, Bush, Ross, Gardner, Warren & Rudy, 220 South Franklin Street, Tampa, Florida 33602, counsel for debtors Celotex Corporation and Carey Canada, Inc. and to the Celotex Core Counsel List attached hereto, on this 12th day of October, 1992.

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UNITED STATES BANKRUPTCY COURT
 MIDDLE DISTRICT OF FLORIDA
 TAMPA DIVISION

IN RE:) Chapter 11
)
THE CELOTEX)
CORPORATION, et al.) Consolidated Case Nos.:
) 90-10016-8B1 and
) 90-10017-8B1
<hr/> THE CELOTEX)
CORPORATION and)
CAREY CANADA,)
)
Plaintiffs,)
)
v.)
)
ALLSTATE INSURANCE)
COMPANY, et al.,)
)
Defendant.)
<hr/>)

**DEFENDANTS MANUEL LUCERO,
 BENNIE AND JOANNE EDWARDS
 AND BILLY AND NANCY MCCLEARY'S
 MOTION FOR SUMMARY JUDGMENT ON
 COUNTS I, II, III, IV, V, VI, IX, X AND XI
 OF DEBTORS' SECOND AMENDED COMPLAINT**

Pursuant to Rule 7056 of the Federal Rules of Bankruptcy Procedure and Rule 56 of the Federal Rules of Civil Procedure incorporated therein, defendant judgment creditors Manuel Lucero, Bennie and Joanne Edwards, and Billie and Nancy

McCleary move for summary judgment on all Counts of Debtors' Second Amended Complaint. The supersedeas bonds posted in favor of the defendant judgment creditors named in this motion were filed more than one year prior to the filing of the bankruptcy petition. In each case, some portion of the judgments secured by the bonds includes an award of punitive damages.

In support of this motion, defendants file the memorandum of law of defendants Manuel Lucero, Bennie and Joanne Edwards, and Billie and Nancy McCleary in support of motion for summary judgment on Counts I, II, III, IV, V, VI, IX, X and XI of Debtors' Second Amended Complaint. For the reasons stated therein, defendants request that the Court enter summary judgment in defendants' favor and grant such other relief as this Court deems just and proper.

Respectfully submitted,

SONNENSCHN NATH & ROSENTHAL

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June 14, 1994

VIA FEDERAL EXPRESS

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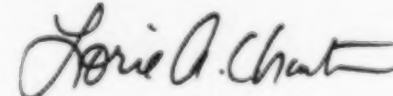
Re: Celotex v. Edwards

Dear Jeff:

Pursuant to Supreme Court Rule 37, I am writing to request your consent to the filing of a brief by Northbrook Property and Casualty Insurance Company as amicus curiae in support of Petitioner's position in the Supreme Court in the above-captioned matter. Please indicate your consent by signing on the line provided below. After you have done so, please return this document to me.

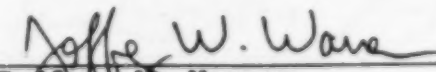
Very truly yours,

SONNENSCHN NATH & ROSENTHAL

By: 
Lorie A. Chaiten

LAC/kh

CONSENT TO FILING OF AMICUS BRIEF


Jeffrey W. Warren

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June 14, 1994

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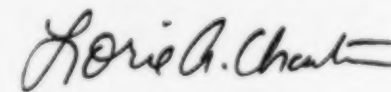
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Very truly yours,

SONNENSCHN NATH & ROSENTHAL

By: 
Lorie A. Chaiten

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CONSENT TO FILING OF AMICUS BRIEF


Brent M. Rosenthal